Nafta in trouble

Has Clinton the will or the way?

Page 5

How fares welfare?

Germany's battle to cap its costs

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A more worldly bank

Discovering merit in transparency

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TOMORROW'S **Weekend FT**

Searching for a lost childhood in Saigon

FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY JULY 2 1993

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Proposal to speed London equity trades settlement

A taskforce backed by the Bank of England is urging a slimmed-down electronic system to speed up the settlement of equity trades in the London stock market. Under the plan, which would replace the London Stock Exchange's failed Taurus project, the exchange would no longer be the main provider of settlement services in London. Page 14

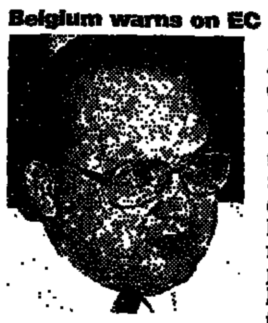
International Business Machines has announced two moves designed to increase its lead in the personal computer market. Page 15

Grundig, Germany's leading home electronics group, returned a loss of DM296m ($175m) last year compared with a loss of DM18.6m in the previous year. Page 15

Serbs pound Gorazde: Serb forces pounded the besieged Moslem enclave of Gorazde, proclaimed a United Nations "safe area", amid intense clashes in northern and eastern Bosnia. Page 3; 'Active' UN role for Japan, Germany, Page 5

French candidate for EBRD: France is to propose Bank of France governor Jacques de Larosière as its candidate to head the European Bank for Reconstruction and Development. Page 2

Belgium warns on EC enlargement



Belgium's prime minister Jean-Luc Dehaene (left) opened that country's presidency of the European Community with a warning that the difficulty of enlargement negotiations had been underestimated. He saw Belgium's priorities as giving life to the Maastricht treaty and strengthening EC institutions, particularly the European Commission. Page 14; Row brews over spoils in Community chest, Page 2

BPB Industries: Profits at Europe's biggest plasterboard manufacturer jumped 52 per cent following the end of a price war in the UK, France and Germany. But final dividend was cut by a third. Page 15; Lex, Page 14

London security cordon: The City of London is to be ringed by police checkpoints from midnight tonight, in the first stage in a package of anti-terrorist measures planned for the city. Page 8

UK freezes Nigeria aid: UK foreign secretary Douglas Hurd said Britain was freezing new aid to Nigeria until a democratically elected civilian government was installed. Page 5

Common VCR standard: The world's leading consumer electronics makers announced plans to discuss a common standard for the next generation of videocassette recorders, digital VCRs, and VCRs for high definition television. Page 6

French sell-off restrictions: The French government will restrict investors outside the European Community to a maximum of 20 per cent of the shares of the companies sold in its forthcoming privatisation drive. Page 2

Taiwan seeks investors: Taiwan approved a draft economic programme and a package of measures to promote private investment in manufacturing and stem the flow of capital to China. Page 6

40 die in aircrash: An Indonesian domestic airliner crashed on to a beach in the easternmost province of Irian Jaya, killing 36 passengers and all four crew.

Aids is second biggest killer: Aids has moved ahead of heart disease and cancer to become second only to unintentional injuries such as car crashes as the leading killer of men aged 25 to 44 in the US.

FT-SE Actuaries: Today's FT-SE Actuaries Share Indices table includes for the first time total return figures, calculated at the close of each trading day for the whole series. Also shown is the new version of the FT-SE Mid 250 Index minus its 32 investment trust constituents. Details, Page 20; Indices table, Page 25.

Cricket: England were 276 for 6 at the end of the first day's play in the third test against Australia at Trent Bridge, Nottingham. Picture, Page 8

Tennis at Wimbledon: Defending champion Steffi Graf will meet Czech Jana Novotna in tomorrow's women's singles final in London after Novotna knocked out nine-times champion Martina Navratilova. Number one seed Graf beat Spaniard Conchita Martinez.

■ STOCK MARKET INDICES		
FT-SE 100:	2888.8	(-11.2)
Yield	3.98	
FT-SE Eurotrack 100	1213.21	(+4.22)
FT-A All-Share	1428.93	(-0.2%)
Nikkei	19,924.61	(+334.61)
New York lunchtime		
Dow Jones Ind Ave	3517.19	(+1.11)
S&P Composite	450.01	(-0.52)
■ US LUNCHTIME RATES		
Federal Funds:	$3\frac{1}{8}$%	
3-mo Treas Bills: Yld	3.034%	
Long Bond	$105\frac{1}{32}$	
Yield	6.679%	
■ LONDON MONEY		
3-mo Interbank	$5\frac{15}{32}$%	(same)
Liffe long gilt future:	Jun $107\frac{3}{32}$	(Jun $107\frac{3}{8}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Aug)	$17.19	(17.64)
■ Gold		
New York Comex (Aug)	$388.2	(379.2)
London	$383.5	(378.25)

■ STERLING		
New York lunchtime:		
$	1.51	
London:		
$	1.5085	(1.4935)
DM	2.5625	(2.545)
FFr	8.655	(8.58)
SFr	2.2825	(2.255)
Y	162.0	(159.5)
£ Index	80.9	(80.6)
■ DOLLAR		
New York lunchtime:		
DM	1.69725	
FFr	5.72875	
SFr	1.5125	
Y	107.425	
London:		
DM	1.699	(1.7045)
FFr	5.7375	(5.745)
SFr	1.5135	(1.5105)
Y	107.4	(106.75)
$ Index	65.4	(65.2)
Tokyo close Y 108.10		

						Qatar	QR12.00
Austria	Sch30	Germany	DM3.30	Lux	LFr60	S.Arabia	SR11
Bahrain	Din1.250	Greece	Dr300	Malta	Lm0.60	Singapore	S$4.10
Belgium	BFr60	Hungary	Ft172	Morocco	MDh13	Slovak Rp	KSL45
Bulgaria	Lw25.00	Iceland	IKr215	Neth	Fl 3.75	Slovenia	SLT220
Croatia	HRD5700	India	Rs40	Nigeria	Naira45	Spain	Pta210
Cyprus	C£1.00	Israel	Shk5.90	Norway	NKr16.00	Sweden	SKr15
Czech Rp	Kcs45	Italy	L2700	Oman	OR1.50	Switz	SFr3.20
Denmark	DKr15	Jordan	JD1.60	Pakistan	Rs35	Syria	S£50.00
Egypt	E£4.50	Korea	Won 2500	Philippines	Peo45	Tunisia	Din1.250
Finland	FM12	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L8000
France	FFr8.00	Lebanon	US$1.25	Portugal	Esc215	UAE	Dh11.00

Bundesbank president hails government plans to reduce public spending

Key interest rate cut to aid recovery in Germany

By Christopher Parkes in Leipzig and David Waller in Frankfurt

THE BUNDESBANK yesterday officially blessed the German government's latest budget cuts and offered the international economy a helping hand with a reduction of half a percentage point in its key discount rate.

The cut to 6.75 per cent in its official floor rate and a reduction of a quarter point in the Lombard rate to 8.25 per cent was welcomed by Mr Günter Rexrodt, German economics minister, who said it would help the government implement public spending cuts agreed by the ruling coalition earlier this week.

"The cut will give an impulse to the German economy and at the same time strengthen growth potential in other EMS countries", he said. "It secures confidence in the D-Mark, without which economic recovery would be impossible."

In Washington the White House called the cut a "positive" development.

Mr Rexrodt said the Bundesbank was treading the delicate path between support for the economy and "the preservation of credibility in the D-Mark". The D-Mark rose against the dollar and most European currencies yesterday. After some sharp swings in European trading, it finished at DM1.699 against the dollar, ½ a pfennig stronger than the previous day.

Mr Ulrich Beckmann, senior economist at DB Research, the research arm of Deutsche Bank, said the cut could "only do good for the economy". He added: "We are sure to see further cuts in interest rates, probably in September."

Mr Helmut Schlesinger, the central bank president, said in Leipzig that the move – the first on internationally sensitive rates since April – meant no one could now accuse Germany of being a high-rate country. The rate of growth in both inflation and money supply had slackened, he said. The D-Mark had stabilised after its recent weakness, and the government's new package of DM25bn ($14.7bn) budget savings was a step in the right direction.

"It was especially important" that Bonn had made the main savings through cuts in spending, Mr Schlesinger added. The government's proposals were the only new or substantially changed factor in the criteria on which the bank formulates interest rate policy.

In recent weeks, the bank has publicly identified runaway government borrowing as the main force driving monetary growth, and therefore as the main current source of future inflation.

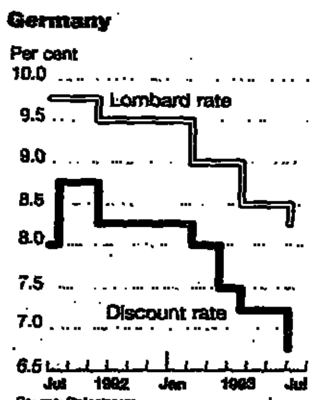
The spending cuts proposals, agreed by the coalition government at the weekend, were "certainly suitable in the light of the state of public finances", Mr Schlesinger said.

Within the ERM, the Bundesbank decision prompted rate cuts in Denmark, Ireland, Belgium and the Netherlands, while Austria and Switzerland, which link their currencies to the D-Mark, also cut rates. Spain was expected to cut rates today.

The announcement of a fixed rate volume tender for next week's auction of securities repurchase agreements was taken by economists as a sign that the Bundesbank is earnest in wanting to steer down money market rates.

The 28 basis point cut in next week's repo rate to 7.30 per cent comes after a period of several months during which this core rate was trimmed via a sequence of small cuts.

Chastity rewarded, Page 2
Editorial Comment, Page 13
Cuts may not be enough, Page 13
Lex, Page 14
World stock markets, Page 36



Bundesbank president Helmut Schlesinger (left) and his expected successor Hans Tietmeyer yesterday

China tries to placate farmers

By Lynne O'Donnell in Beijing

THE Chinese government has promised to cash farmers' IOUs worth millions of dollars to quell the anger of the country's 800m peasants, who feel they are being cheated of their share in China's growing prosperity.

The Bank of China has authorised post offices in areas where dissatisfaction has erupted into rioting and violence to draw on local branches to cash the IOUs, which are remittances sent from relatives working elsewhere.

Accounts will be settled directly with the central bank because the Industrial and Commercial Bank of China and the Agricultural Bank of China, the specialised banks that would normally meet this demand, are short of cash, the official China Daily reported yesterday.

The newspaper said peasants in some areas, unable to get their money, have attacked post offices, smashing windows and injuring postal workers. The announcement follows rioting last month in Sichuan, China's most populous province, in which furious farmers attacked government headquarters in protest against tax increases.

The China Daily said the problem of tight money supply was worst in the southern provinces of Sichuan, Hunan, Hubei and Jiangxi, among the country's main grain-growing areas, but also existed in central provinces, including Anhui and Guizhou which are among China's poorest.

Official figures show that peasants' annual average per capita income is 770 yuan ($135), less than half the average city income.

The remittances, known as "green IOUs" to distinguish them from "white IOUs" paid to farmers for their state quota of grain, are one of the few sources of cash for China's peasants, who are having to rely more and more on money from relatives in the comparatively affluent cities.

With the approach of summer planting, farmers need money to buy increasingly expensive equipment and fertilisers. Once they harvest, they face the prospect of again being paid white IOUs for compulsory state pur-

Continued on Page 14

Trade talks vital for recovery, says OECD

By Emma Tucker in Paris

FAILURE to reach agreement on trade liberalisation would threaten prospects for economic recovery in the industrialised world, the Organisation for Economic Co-operation and Development warned yesterday.

Mr Kumiharu Shigehara, head of the OECD's economic department, said pressures on governments to increase protectionism represented the biggest "downside risk" to immediate prospects for global recovery and longer term economic performance.

Presenting the OECD's half-yearly economic outlook, Mr Shigehara said successful completion of the Uruguay round of the General Agreement on Tariffs and Trade would provide a boost to confidence at a time when the world's industrial economies were either in recession or experiencing only fitful recoveries.

Agreement would "not only encourage trade and activity, but boost confidence, as it would define the clear direction for policy in the trade area which at the moment is lacking", he said. The latest shaving of German interest rates did not alter the OECD's view that recovery in continental Europe will be delayed until well into next year unless the German authorities significantly ease monetary conditions.

It believes growth in the 24 member states of the organisation will amount to only 1.2 per cent this year with high European interest rates and continued debt reduction hindering a more dynamic recovery.

Mr Shigehara said 1993 would be "the third successive year in which growth in the OECD area as a whole, at just over 1 per cent, will be unsatisfactory".

OECD reports, Page 4
G7 summit 'crucial', Page 5

World oil prices fall as US lifts ban on Iraqi exports

By Deborah Hargreaves in London

WORLD OIL PRICES tumbled yesterday after the US said it would allow Iraq to export some oil if Baghdad agreed conditions with the United Nations in talks next week. Traders fear that the arrival of Iraqi oil on world markets could cause prices to plunge.

World prices fell to six-month lows after Ms Madeleine Albright, Washington's ambassador to the UN, said the US would raise no objections to any accord reached on oil sales between Iraq and the UN. Negotiations are due to begin next Wednesday.

The price of North Sea crude oil for August delivery dropped 50 cents in busy trading to $17.20 per barrel. Prices had touched $18 a barrel at the beginning of the week following the US air strike on Baghdad, which many traders believed signalled a harder US line towards Saddam Hussein's regime.

"The mood in the market is one of impending doom – the timing is terrible, markets are not at all well balanced", said Mr Peter Gignoux, head of the energy desk at commodity broker Smith Barney in London.

World markets are already awash with oil as members of the Organisation of Petroleum Exporting Countries continue to overproduce. Oil demand in the US and Europe remains depressed by the recession.

"You could see the market go down several dollars if Iraqi oil returns and it could get very nasty", said Mr James Fiedler, energy trader at ED&F Mann in New York.

Iraq will be discussing a plan put forward by the UN Security Council two years ago for exporting $1.6bn-worth of oil over six months in order to pay for humanitarian aid such as food and medicines.

Baghdad has objected in the past to conditions attached to the sale, which included the monitoring of the oil shipments by UN officials.

If this plan were to go ahead, it would mean Iraq exporting around 500,000 barrels a day of oil, adding to Opec's current overproduction which is estimated to be about 700,000 b/d. Large Opec producers such as Saudi Arabia are unlikely to cut their output in order to make room for Iraq in the market, although some members would push for an emergency Opec meeting.

Commodities, Page 24

Outlook for US industry weakens as orders fall

By Michael Prowse in Washington

THE outlook for US manufacturing industry deteriorated significantly last month, according to figures published yesterday.

The Purchasing Managers' Index – a closely watched barometer of the health of manufacturing – fell from 51.1 per cent in May to 48.3 per cent last month, reflecting a sudden drop in new orders.

This was the lowest reading since December 1991 and sharply down from the 58 per cent reached in January, shortly after President Bill Clinton's election victory.

A reading below 50 per cent is generally interpreted as a sign that the manufacturing sector is contracting.

Separately, the Conference Board, a New York business analysis group, said its index of business confidence fell from 66 in the first quarter to 57 in the second quarter, the lowest level since late 1991.

"The desired improvement in new orders failed to materialise in June, resulting in a decline in the manufacturing sector and a

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LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Euro car price list seen as Brussels victory

By John Griffiths

THE first mandatory pan-European new car price lists published yesterday at the order of the European Commission show variations between countries of up to 30 per cent. But most fall between the EC's own 12-18 per cent guidelines and the Commission itself refrained from the harsh criticism which parts of the European industry had been fearing.

Under the terms of an agreement made with the Commission last year, Europe's car makers and importers are required to publish price lists twice a year. This follows fierce complaints from consumer organisations in Brussels and in the UK claiming that price divergences are big enough and persistent enough to breach EC regulations.

The lists released yesterday take the form of an index related to the prices of 55 European and 17 Japanese top-selling models on May 1 this year, based on recommended retail prices, adjusted for equipment differences and converted to Ecus.

Among small cars, variations of up to 24 per cent were found - in the case of Fiat's Cinquecento - between the most expensive market, France, and the cheapest, Spain.

In the large saloon category, Ford's new Mondeo 1.6LX saloon was found to be 23.9 per cent more expensive in Germany than in the cheapest markets, Italy and Ireland. At the executive car level BMW's biggest variation was of 22 per cent, in the case of its 730i V8 model, in France, with the UK being the cheapest.

The Commission, which hopes the information will help motorists to shop around in the EC for best buys, acknowledged that exchange rate fluctuations have played a large part in the variations. It added it would be wrong to arrive at "far-reaching conclusions" about manufacturers' commercial policies from the price comparisons.

But it said the next report in November would enable the Commission to assess the trend in price differentials, which it expects to diminish.

Last night the European Automobile Manufacturers' Association, which has persistently claimed the variations are largely outside the industry's control, said the Commission's statement showed that exchange rate fluctuations and widely varying taxation regimes were largely to blame for the discrepancies and that these would have to continue until EC economies themselves converged.

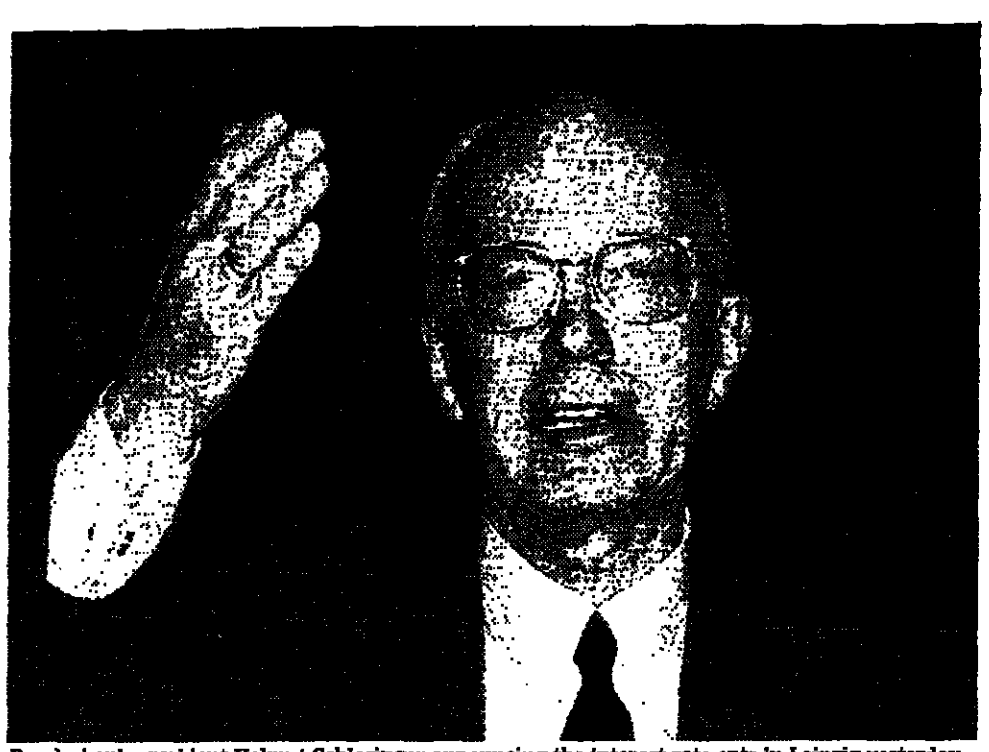
The issue is of profound importance to car makers and their dealers because in 1995 the present 10-year "block exemption" which allows them to operate a selective distribution system - in contravention of EC competition rules - is due to expire.

The EC competition directorate has warned that a renewal of the block exemption will depend heavily on car prices staying broadly within the EC's guidelines for price differentials.

These state that prices should not differ between EC member states by more than 12 per cent in the long-term or by more than 18 per cent for periods of less than a year.

Bundesbank reward for fiscal chastity

By Christopher Parkes in Leipzig



Bundesbank president Helmut Schlesinger announcing the interest rate cuts in Leipzig yesterday

VIRTUE MAY BE its own reward but the Bonn government's vow of chastity in matters fiscal yesterday won it a welcome bonus from the Bundesbank.

An unusually sunny Mr Helmut Schlesinger, president of the German central bank, noted first that it was the third anniversary of the introduction of the D-Mark into eastern Germany. Then, passing over the widespread belief that that event lies at the root of most of Germany's current problems, he unveiled a cut of half a percentage point in the key discount lending rate. The fifth since the bank started its tiptoe progression since last autumn, it brought the bank's effective floor rate down to 6.75 per cent.

The move was backed up by a less expansive quarter-point snip off the Lombard rate, now down to 8.25 per cent.

According to Mr Schlesinger, the cuts were prompted by comforting monetary, political and economic indicators. But the closing link in the chain was last weekend's coalition package of public spending cuts worth some DM25bn (£9.8bn). Bonn, after considerable if subtle pressure from the Bundesbank, had done as it was told. The coalition had come up with more cuts rather than taxes to patch the gaps in its budget. Crucially, its package was skilfully engineered to resist erosion by political opposition. If the chain remains intact, the Bundesbank seem certain to offer more. They are once more en route to chipping the discount rate to 6 per cent or even lower by the end of the year. Longer term, said Mr Schlesinger, the rewards may be more widely distributed if the economy turns up at the end of the year, as he expects, as the taxation under the "Solidarity Pact" may become somewhat less of a burden.

The Bundesbank has made little apparent effort to conceal its scorn for Bonn's attempt to tax its way out of the red with its springtime solidarity pact. Just as its anger at having its advice ignored by government has been reflected in the snail's pace progression of interest rate cuts (the last of which was on April 23), so its pleasure at the weekend coalition deal was reflected in yesterday's unexpectedly generous move.

Explaining the decision, Mr Schlesinger ran down his checklist, peppering his routine script with optimistic asides. Inflation of 4.1 per cent last month was still too high, but "happily" the rate of growth was significantly weaker.

Money supply growth in May eased to 6.7 per cent year-on-year, down from 7 per cent a month earlier, although it is still above the target ceiling of 6.4 per cent. A "slight tendency" to weakness in the German currency had stabilised in recent days. He noted that the economy was also stabilising.

He cited Hamburg economists' predictions that recovery would start at the turn of the year.

Despite his apparent confidence, Mr Schlesinger well knows - and often says - that too much should not be read into short-term trends.

The Bundesbank prides itself on its medium- and long-term outlook, but its decision yesterday seemed based mostly on recent developments which have yet to become established trends.

Inflation is still expected to average 4 per cent this year - double the bank's optimum level.

Optimism on the economy is based on an uncertain end to the decline in output and a slight increase in foreign orders.

By the Bundesbank's own standards, such a delicate substructure demands continuing caution.

But at the same time the delicate health of the international economy - and particularly that in Germany - demands more than cheerful noises from Mr Schlesinger and his colleagues.

Germany's partners to keep up pressure

By Peter Norman, Economics Editor

THE Bundesbank's interest rate cuts will go some way to ease tension in the European exchange rate mechanism and may limit criticism of German monetary policy at next week's Group of Seven economic summit in Tokyo.

But, although the half-percentage point reduction in the discount rate to 6.75 per cent was more than the purely symbolic cut forecast by many pundits, economists and commentators yesterday said Germany's trading partners would expect further rate cuts from the Bundesbank in the future.

In recent weeks, foreign governments have been piling on the pressure for a lowering of German borrowing costs in successive meetings of international monetary officials. The tension increased sharply in the days ahead of yesterday's Bundesbank council meeting in Leipzig.

Late last week, Mr Edmond Alphandéry, the French economics minister, found himself embroiled in a Franco-German row after demanding a German rate cut.

On Wednesday, President Bill Clinton joined the fray by saying the Bundesbank should "continue to lower interest rates" to boost the US and global economies.

While economists in Germany yesterday emphasised that the Bundesbank had limited room for manoeuvre in view of continuing high inflation, a high public sector borrowing requirement, even after recent budget cuts, and the relative weakness of the D-Mark on foreign exchange markets, many outside Germany said the Bundesbank must do more.

"I don't think anyone will ease the pressure totally because of these cuts," predicted Mr Gerald Holtham, chief economist at Lehman Brothers, in London. "Given Germany's plans for tax increases and spending cuts, interest rates should go down a lot further, to about 3 per cent," he said.

However, Mr Hermann Remsperger, chief economist at the BHF-Bank in Frankfurt, said the bigger than expected cut in the discount rate showed that Germany was more ready to assist the world economy than many people anticipated. He said he expected the discount rate cut would be followed quickly by reductions in bank lending rates which should be positive for its own economy. Yesterday's rate cuts would enable the Bonn government to appear at next week's G7 summit proclaiming that Germany had taken steps both to reduce interest rates and limit its budget deficit, Mr Remsperger said.

The Bundesbank's comment that it was "continuing its policy of cautious rate cuts" indicated that German interest rates had further to fall. However, nobody should expect any promises at next week's G7 meeting because central bankers would not be attending the talks.

In the ERM, the Bundesbank decision prompted rate cuts in Denmark, Ireland, Belgium and the Netherlands, while Austria and Switzerland, which link their currencies to the D-Mark, also cut rates. There was no early move to follow the German rate cuts in France, although officials welcomed the Bundesbank move.

In Britain, the Treasury also welcomed the German action but made clear that UK base rates at 6 per cent would stay unchanged for the time being.

However, Mr Gordon Brown, the Labour party's economics spokesman, said the government should announce a cut in rates as part of Europe-wide interest rate reductions.

Mr Brown said that Mr Kenneth Clarke, the chancellor, must ensure that next week's G7 summit "addresses the need for co-ordinated worldwide action to boost growth and employment".

French bank head in EBRD running

By Alice Rawsthorn in Paris

THE French government plans to propose Mr Jacques de Larosière, governor of the Bank of France, as a candidate to succeed Mr Jacques Attali as president of the European Bank for Reconstruction and Development.

Mr de Larosière, who was managing director of the International Monetary Fund before joining the Bank of France in 1987, is viewed as a strong contender for the EBRD job.

His candidature follows days of lobbying by senior politicians who have been pressing for France to retain the EBRD presidency following Mr Attali's resignation last Friday. Mr Attali was appointed to the post as the protégé of France's Socialist president, Mr François Mitterrand. Mr Edouard Balladur, the conservative prime minister, is thought to have championed the choice of Mr de Larosière as the French candidate.

Mr de Larosière, who earlier in his career held a series of senior positions in the French public sector, was appointed governor of the Bank of France by the last centre-right administration, when Mr Balladur was finance minister.

However, he will face stiff competition for the job, notably from Mr Henning Christophersen, the popular European Community economics commissioner, who has been confirmed as a candidate.

Foreigners restricted in sell-off by France

By Alice Rawsthorn in Paris

THE French government will restrict investors outside the EC to a maximum of 20 per cent of the shares of the companies sold in its forthcoming privatisation drive.

Mr Edouard Balladur, prime minister, had originally hoped to abolish all restrictions on foreign investment in the new privatisation legislation. However, he has agreed to accept a Senate amendment to reintroduce the old 20 per cent limit imposed during the mid-1980s.

The limit will apply to noyaux durs, the long-term investors who, the government hopes, will take strategic stakes in privatised firms. Partenariats, or companies involved in commercial joint ventures with state firms due to be privatised, will be exempt. This means the limit would not affect the long-mooted merger of Renault and Volvo, its Swedish partner.

The bill, which will enable the sell-off of up to 21 public sector concerns is expected to be passed on Monday.

● France produced a record monthly trade surplus of FFr7.09bn (£826m) in March, against FFr5.34bn in February, thereby ensuring that the trading account stayed in the black throughout the first quarter, with a surplus of FFr16.2bn.

Daimler-Benz to reclaim east German property

Issue raises doubts on treaty, writes Judy Dempsey

DAIMLER-BENZ, Germany's largest industrial holding company, is seeking to reclaim property in eastern Germany which was expropriated during the Soviet occupation between 1945 and 1949.

The decision throws into question the interpretation of Germany's unification treaty which states that "the expropriations on the basis of the Occupation Law (1945-1949) are irreversible."

If Daimler-Benz can prove that the Soviet Union never asked for the irreversibility of these expropriations, then thousands of former owners of industry and land in eastern Germany could claim back their property.

Over 14,000 landowners, covering 13,000 square miles, had their property expropriated during this period. Many include former aristocratic land owners in Prussia. Precise figures concerning the amount of industrial property expropriated are not available.

If the claim by Daimler-Benz is successful, it would also mean that efforts to speed outstanding claims on property in eastern Germany would be set back for many more years.

Daimler-Benz said yesterday it was simply "acting on behalf of its shareholders. They regard it as our duty to do so. If there is any chance to get the property back, we would try to get hold of it," a spokesman added.

Daimler-Benz is also acting on behalf of Mercedes Benz.

> If the claim is successful, it would mean efforts to speed outstanding claims in eastern Germany would be set back for many more years

Dasa, and AEG, the electronics company which before 1945, had 90 per cent of its manufacturing base located in eastern Germany.

All three are part of the group's holding company.

The spokesman denied that by claiming back its industrial sites, Daimler-Benz was challenging the unification treaty.

"We started putting in our claims in late 1990 in order to keep our rights alive so that when there would be any change in the unification treaty, we would be in a position to claim our rights," said the spokesman.

Under the unification treaty, those whose property was confiscated between 1933 and 1945, and between 1949 and 1990, have the right to restitution, or compensation.

Until recently, it had been claimed by the German government, that as a precondition for the unification of the two Germanies, the Soviet Union had insisted that no property which it expropriated during its occupation of eastern Germany between 1945 to 1949 should be given back to their former owners.

But Daimler Benz, and other claimants are now arguing, in the light of documents available from Moscow, that the Soviet Union never insisted on this clause.

Instead, they claim Moscow only asked that the "lawfulness" of decisions made by the Soviet Union between 1945 and 1949 should not be questioned by courts in Germany.

They claim that the last east German government, which was led by Mr Lothar de Maizière, did not want aristocrats to claim back their property, and had used the Soviet Union "precondition" as a means of preventing their return.

Industry leaders welcome tax cuts

By Quentin Peel in Bonn

LEADERS OF German industry yesterday abandoned their recent harsh criticism of the ruling coalition in Bonn, and praised a hard-fought compromise which will cut corporation tax from 53 per cent to 47 per cent of earnings.

The deal, negotiated between the two houses of the German parliament, is less generous in the headline tax rate than the German government originally intended: the proposal approved by the Bundestag, the lower house, would have cut the rate to just 44 per cent.

However the compromise negotiated after nine hours of talks late on Wednesday will reinstate depreciation allowances for company investments of up to 30 per cent, instead of cutting them to 25 per cent as planned.

That deal was welcomed yesterday by both the federation of German industry (BDI) and the German chambers of industry and commerce (DIHT), both of which have been highly critical of the government recently.

They had fought, supported by the opposition Social Democrats, to reinstate the 30 per cent depreciation allowance.

Greens withdraw from talks on nuclear energy

By Ariane Genillard in Bonn

A YEAR-LONG attempt to reach an all-party consensus on the future of Germany's nuclear energy has failed following the decision by the Green party to withdraw from the talks.

The Greens, who want all nuclear plants in Germany closed down, said the talks were meaningless because the government coalition parties were unwilling to compromise on their pro-nuclear position.

However, the opposition Social Democrats (SPD), who have called for phasing out nuclear energy, said they would continue talks with the government and the nuclear industry.

In lower Saxony, which has a SPD/Greens coalition government, Mr Gerhard Schröder, the premier, and a key player in the negotiations, said his party would spend the summer trying to define the areas in which a compromise could be reached.

The talks aimed to clarify the long-term prospects for Germany's nuclear industry. Issues include deciding on how many years existing plants can continue to operate, whether they will be replaced at the end of their lifetime and how to dispose of nuclear waste.

Atomforum, the nuclear industry's main lobby, welcomed the fact that negotiations between the SPD and the government parties would continue.

It said the departure of the Greens would facilitate a compromise.

But the break-down of the consensus talks will make it more difficult to reach a solution on the disposal of nuclear waste. The Greens are members of the SPD coalition government in two states where nuclear waste disposal plans have been mooted.

● Seven leading European electricity companies yesterday repeated opposition to proposals for a European Community energy tax, intended to help combat global warming, adds Bronwen Maddox, Environment Correspondent.

The joint statement, first made a year ago, was reissued yesterday in London at a conference because the companies believe there is growing pressure for the tax in Brussels.

The signatories are: Powergen and Scottish Power (UK), Electrabel (Belgium), Union Fenosa and Endesa (Spain), RWE and VEAG (Germany).

Romanian ships deal blocked

By Virginia Marsh in Bucharest

PETROMIN, Romania's largest shipping company, is expected to remain in Romanian hands after local courts began proceedings to cancel a contract which would have ceded control to Forum Maritime, a little-known Greek company.

But the controversy surrounding the proposed deal, and the Romanian government's failure to come clean about its involvement in the affair, have done little to enhance the reputation of a country battling to improve its image with investors.

The deal has revealed the damage caused by the failure to get the country's privatisation scheme off the ground. Fewer than 100 of the 6,300 state companies have been transferred into private hands and only four have been purchased by foreign investors.

It has also emerged that of Petromin's 92 vessels, 14 are already involved in joint ventures with foreign partners; 18 are under management contracts with foreign operators; 29 are leased to Romanian companies; while most of the remainder are broken or still under construction.

Row brews over spoils in Community chest

By David Gardner in Brussels

THE EC Council of Ministers meets today to decide how to spend the Ecu141.5bn (£109.4bn) structural aid programme agreed at last December's Edinburgh summit, with clear signs of a row brewing over how to divide up the pie among the 12.

The bulk of the money, available for 1994-99, is aimed at the four poorest countries - Spain, Portugal, Ireland and Greece - which also get Ecu15.5bn through the Cohesion Fund.

But the European Commission has sought to target as much as possible of the so-called Structural Funds on declining and high unemployment industrial areas, raising the stakes for the richer member states as well. Of the 12 as a whole, only tiny, and very rich Luxembourg is happy with the way the spending plans are shaping up.

The job of today's, probably lengthy meeting, attended by a mix of foreign, industry, and regional affairs ministers, is to approve a framework regulation for the spending, and the enabling rules for each division of the Structural Funds. Already several countries are baulking at giving their assent before knowing how much they are going to get.

Although approval is needed by the end of this month in order to start the programme in 1994, there are already 53 declarations from member states attached to the Commission's plans. The total Ecu157bn regional development package replaces the Ecu63bn spending for 1989-93.

The four "Cohesion" countries essentially won their battle last year, getting a doubling of their funding for the six-year period, against the previous five-year period. Apart from the Cohesion Fund, they get Ecu70bn of the Ecu96.3bn devoted to so-called Objective 1, or backward areas.

But Ireland says it will block agreement unless it gets undertakings it will preserve the share of Objective 1 funding it got in the previous round. This gave the Irish two to two-and-a-half times more funds per head than the other Cohesion countries.

Mr Albert Reynolds, Irish prime minister, fought last year's Maastricht referendum on a pledge to get I£8bn (£8bn) from the package, which he said he secured at Edinburgh. One senior Commission official says "there is no way they are going to get what Reynolds said," which officials from other member states say was an irresponsible claim.

The Netherlands, a relatively small recipient, wants up to three times more to reflect a relative decline in national wealth and growing unemployment. Mr Ruud Lubbers, the Dutch prime minister, told Commission president Jacques Delors on Tuesday that Holland would only back an agreement if it got a guarantee. Commission and Dutch officials say.

Though other countries have been less aggressive, they all have shopping lists:

● the UK wants, and will probably get, Merseyside and the Scottish Highlands and Islands made Objective 1 areas. But it flatly opposes changes in the Social Fund - hitherto for training the long-term and young unemployed - to pay for retraining workers in companies facing restructuring, which one British official described as "a closet industrial policy."

● Belgium will probably get the declining southern industrial area of Hainaut eligible for Objective 1 funding. France objects that neighbouring Nord-Pas de Calais suffers identical problems. But Paris will probably desist, to protect Corsica, whose rise in income above the eligibility level is what lets Hainaut and Merseyside into Objective 1.

● Germany is after at least DM13bn (£5.1bn) for its eastern Länder.

● In addition, the Germans, British and French, want the right to designate Objective 2, or industrially declining regions, a right Mr Delors refuses to cede.

□ THE European Commission has broadly welcomed the application of Malta and Cyprus to join the EC, but delayed a firm commitment on the timing of entry, writes Lionel Barber.

The Commission's response may disappoint Malta, but it reflects concern that further EC enlargement requires tackling the sensitive issue of how to streamline the operations of the EC while safeguarding the position of smaller states. The cause of Cyprus remains clouded by the failure to reach a political settlement between the Greeks and Turks. But the Commission says it may reconsider its views in January 1995 even if part of the island remains under Turkish occupation. Until now, the EC has insisted that a full political settlement in Cyprus, including reunification, is a pre-condition for the start of accession negotiations.

This week's statement appears aimed at pressuring the parties to support a UN-brokered settlement. Mr Hans van den Broek, EC commissioner responsible for enlargement, said last Wednesday that the Commission was ready to help preparations toward entry. But the timing would depend on decisions on institutional reform to be considered at the inter-governmental conference to review the Maastricht treaty in 1996.

Malta and Cyprus applied for EC membership in 1990. The Commission's opinion on the application says their aspirations are justified and there no serious obstacles. However, it calls on Malta to carry out an overhaul of economic regulations as the best preparation for membership.

> The Irish prime minister, Mr Albert Reynolds, faces political embarrassment if Ireland is not allocated the full 13.5 per cent of the I£53bn (£53bn) in EC structural funds it is expecting over the coming seven years, writes Tim Coone in Dublin.
>
> Ireland has threatened to block any agreement on the funds' allocation if it does not get its way. A spokesman for Mr Reynolds said yesterday: "We cannot accept a text of regulations on the disbursement of the fund without a clear indication that our allocation will be in line with understandings reached at Edinburgh." Those understandings were that Ireland would maintain its 13.5 per cent share of the budget, he said.
>
> After returning from the Edinburgh summit last December, Mr Reynolds told the Dail (parliament): "The agreement now reached ensures, and I say this with complete confidence, that Ireland will obtain in excess of I£8bn over seven years."
>
> Attacking his critics who had accused him raising false expectations, he described the summit as "one of the greatest negotiating successes ever by an Irish government."

Rome faces snub over pay accord

By Robert Graham in Rome

CONFINDUSTRIA, the Italian industrialists' confederation, and the unions have reacted coolly to last minute government proposals to break a deadlock over wage and work conditions.

The government has staked its prestige on a quick deal which would signal there was no danger of a return to wage inflation. An agreement is also seen as an important pre-condition for providing a stable climate for the 1994 budget.

Talks between employers and the unions aim to produce a new framework for industrial relations and wage guidelines after last August's abandonment of the *scala mobile* system of indexed wages. Since then, there have been desultory efforts to find a new formula with some guarantee against wages being eroded by inflation and more flexibility in Italy's labour laws.

One deadline has already passed this week and another has been set for Saturday. In forcing the pace for an agreement, the government of Mr Carlo Azeglio Ciampi has dramatised the consequences of failure warning of harm to all three sides.

Confindustria has taken advantage of a weakened union movement and the recession to force through changes. The proposals include the principle of productivity-linked pay, and limits on the continued high level of social security contributions and the invisible labour costs born by employers.

The unions are fighting to save their waning influence - still based round three confederations reflecting the Cold War division of the labour movement. The CGIL, the most powerful federation traditionally controlled by the communists, risks a split if the Confindustria ideas are even partially accepted.

Confindustria wants to end the practice of dealing with unions at both national and local level. The organisation is proposing a minimum national wage with individual industries and companies free to make their own local productivity deals.

They have also suggested companies make "temporary" pay increases above the minimum which are not calculated for social security contributions. These increases can be removed if necessary the following year and do not raise the overall level of social security contribution.

● On Wednesday, the government announced that a five man team headed by Prof Mario Draghi, the director-general of the treasury, had been given a month to finalise procedures for the privatisation of ENEL, the electricity authority, INA, the insurance institute, Stet, the telecoms group, Agip, the oil production arm of ENI and three financial institutions - IMI, Comit and Credit.

Italian corruption inquiry widens

By Haig Simonian in Milan

MR Giampaolo Zambeletti, the former owner and managing director of one of Italy's leading independent pharmaceuticals companies, yesterday gave himself up to Milan magistrates investigating political corruption.

The move follows the arrest earlier this week of Mr Ambrogio Secondi and Mr Cristiano Steigler, respectively chairman and managing director of the Italian subsidiary of SmithKline Beecham, the multinational pharmaceuticals group. The group now also owns Zambeletti. Separately, magistrates have issued a warrant against Mr Claudio Cavazza, chairman of Sigma Tau, another leading independent pharmaceuticals group, and a former chairman of the Italian pharmaceuticals association.

The arrests follow allegations that some leading pharmaceuticals companies paid large kickbacks to Mr Francesco De Lorenzo, a former health minister under investigation for corruption, in return for favours including faster product approval and privileged treatment in state-administered pharmacies.

The allegations have been made by Mr Giovanni Marone, Mr De Lorenzo's former secretary, who was arrested earlier this year and whose testimony has been widely leaked.

The pharmaceuticals federation, chaired by Mr Secondi, said it had given its lawyers authority to contact the magistrates and offer its "fullest co-operation" in the inquiries.

Spectre of strife stalks Ukraine

Chrystia Freeland on moves to prevent a schism between west and 'Russified' east

THE massive granite government buildings circling Kharkiv's outsized central square are a legacy of the 1920s when this gritty eastern Ukrainian industrial city was the capital of Soviet Ukraine.

When Stalin's grip over the second-most powerful Soviet republic grew firmer, he shifted its government west to Kiev, the nation's traditional centre, but the factory bosses of the largely Russian-speaking eastern regions remained the most powerful force in the country.

That changed when Ukraine became independent nearly two years ago. Since then, the influence of eastern Ukraine has waned and many of its traditional links with Russia have been severed. Instead, western Ukrainian politicians, propounding a nationalist ideology foreign to the eastern regions, have come to the fore with promises to pull Ukraine out of Russia's orbit and bring it into Europe.

While western and central Ukrainian politicians see independence, in the words of

Ukrainian President Leonid Kravchuk, as "the fulfilment of the centuries-old dream of our fore-fathers", eastern Ukrainians are more inclined to dwell on the costs of separation from Russia.

At a meeting between the Ukrainian and Russian prime ministers in Kharkiv on Monday one eastern Ukrainian regional government official described the repercussions of breaking away from Russia, which ruled his area for more than three centuries.

"This separation has cut our very hearts in two," he said. "Not only have links between factories been severed, but families find themselves cut in two by what used to be a symbolic border."

Some Ukrainian leaders and western observers fear the growing disquiet in the east could give rise to a separatist drive to re-unite eastern Ukraine with Russia. That, in turn, could plunge Ukraine into a messy civil war.

Concerns about a civil war are not confined to marginal Cassandras. Ukrainian President Leonid Kravchuk himself hinted at this worst-case scenario in a recent television address. Warning eastern Ukrainians against provoking a regional schism, Mr Kravchuk said darkly: "We cannot allow our nation to step across the chasm into chaos, anarchy and then dictatorship."

Mr Kravchuk's warning is particularly ominous because a civil war between the nationalist west and the Russo-philic east could easily drag in Russia.

Mindful of the potentially explosive repercussions of a split between eastern and western Ukraine, Kiev is bending over backwards to appease the east. Earlier this month, the government broke the national budget and agreed to hold a referendum in September to end a strike by eastern Ukrainian coal miners.

These economic concessions, which are likely to push the Ukrainian economy into hyper-inflation, point to the double-barrelled problem Kiev faces in eastern Ukraine. Not only is the east the region most disenchanted with Ukrainian independence, but it is also Ukraine's rust-belt, home to loss-making coal mines and heavy industry, which must be closed if the government is to pursue market reforms.

Another effort to mollify eastern Ukraine can be spotted in Kiev's new, more conciliatory approach to its political, military and economic disputes with Russia. Ukraine has bent to Russian claims over the Black Sea Fleet and at their meeting in Kharkiv on Monday the Ukrainian and Russian prime ministers agreed to liberalise customs controls along the 850-mile border between the two Slav states.

But Ukrainian leaders at the Kharkiv meeting also made clear that there is a limit as to how far they will go to appease eastern Ukraine.

Mr Viktor Chernomyrdin, the Russian prime minister, clearly buoyed by the pro-Russian sentiments of Ukrainian regional government officials, suggested light-heartedly that the border between Ukraine and Russia be moved to Romania in the west and Vladivostok in the east.

That solicited a sharp rebuff from Mr Ivan Pliushch, the chairman of the Ukrainian parliament and one of the most powerful figures in Kiev. After speaking of the need for better economic ties with Russia, Mr Pliushch warned: "If anyone thinks that this is a path to the recreation of a new union of republics, then he is sorely mistaken."

The challenge for Mr Pliushch and his colleagues in Kiev is to appease eastern Ukraine without jeopardising their country's independence.

Moscow urged to toughen line on Estonia

By John Lloyd in Moscow

THE Russian parliament yesterday called on the government to put pressure on Estonia in retaliation for its adoption of a law on aliens which obliges non-ethnic Estonians to apply for citizenship and pass a language exam within a year.

The resolution, which said pressure should be applied "politically, economically and in other ways including the suspension of the withdrawal of (Russian) troops", was a rare case of unity in the usually bitterly divided Russian parliament. The unity reflects the depth of feeling among Russians over what is seen as discrimination against their ethnic kin. Nearly 600,000 Russian-speakers live in Estonia in a population of 1.6m - most of whom went afterthe war to work in the newly-established Soviet factories.

The resolution says the adoption of the aliens law and a further electoral law, "could not be regarded as a purely internal affair" of Estonia. The wording shows that Russian law-makers believe they have the right to intervene in their neighbours' internal politics when Russian rights are in question.

Mr Boris Yeltsin, the Russian president, has already warned the Estonian government to change its mind on the issue - a threat which made Mr Lennart Meri, the Estonian president, say that he would not ratify the law until he had sought expert advice from the Council of Europe and the Conference for Security and Co-operation in Europe.

Estonia's Russian population has been infuriated by the new law .The citizens of Narva, the mainly-Russian city in the north-east, have said they will hold a referendum on July 16 and 17 on forming an autonomous state, a move which Mr Eerik Truuvyali, Estonia's highest judicial authority, said breached the constitution. On Wednesday, 5,000 demonstrators gathered in the town of Sillamyaz, near Narva, to protest against the aliens law and demand that the referendum on autonomy goes ahead.

Bosnia's armies in battles to gain land

By Laura Silber in Zagreb

SERB forces yesterday pounded Gorazde, the besieged Moslem enclave proclaimed a United Nations "safe area", amid intense clashes in northern and eastern Bosnia.

Bosnian radio said many people were killed and wounded in the Serb artillery attack on the last remaining Moslem stronghold in the east. The report could not be independently confirmed.

UN officials said at least 74 shells slammed into Gorazde, one of six Moslem enclaves proclaimed as safe areas.

In the strategic south-western town of Mostar, fighting appeared to ease after the Moslem-led Bosnian army reportedly seized control of a Croat barracks and advanced to the north. Croat commanders in Bosnia yesterday denied reports of Moslem gains. "They cannot move. We have them surrounded on three sides and the Serbs are on the fourth," said Mr Drago Maric, an official of the Croatian Defence Council (HVO).

"The Moslems want to connect up Mostar to Jablanica and Konjic, where the bulk of their forces are," he said in reference to Moslem-held towns in central Bosnia.

The Moslem-led Bosnian army over the past week has tried to press forward to link up its scattered enclaves. Moslems fear that their six isolated enclaves will fall to the more powerful Serb and Croat armies. In an apparent bid to isolate Zenica and Tuzla, also designated safe areas, Croat and Serb forces launched a joint attack on Zepce amid continued shelling of nearby Maglaj, in north-central Bosnia.

Russia's reforms fail to tackle industrial decline

By Leyla Boulton in Moscow

RUSSIA will continue to suffer from high inflation and economic decline because its divided leadership is pursuing only partial economic reforms, according to the head of the government's own forecasting centre.

Mr Yakov Urinson said that despite the efforts of Mr Boris Fyodorov, the finance minister, to pursue financial stabilisation and encourage economic restructuring, the latter had been frozen by money being poured into inefficient enterprises.

Mr Urinson poured cold water on claims by some government ministers that industrial production had finally stabilised.

He pointed to the fact that not one enterprise had gone bankrupt.

"It will be hard on both the country and the government as long as the latter contains people with diametrically opposed views on reforms," he said, also blaming "braking" action by the conservative-dominated parliament.

But, if under the best circumstances the government maintains moderately restrictive credit policies, begins to focus social welfare payments and launches an industrial policy, the centre forecasts that annual inflation will fall to 950-1,150 per cent this year, down from 2,500 per cent in 1992.

Only if those conditions are met will the government be able to achieve 5-7 per cent monthly inflation by the end of the year.

The centre's experts forecast that significant progress will be made in eliminating price distortions in the economy if liberalising of energy prices is completed by the end of this year.

The centre's forecasts suggest that industrial production will fall by 13-15 per cent this year compared with a 19 per cent drop last year.

In 1994, gross domestic product might decline by 3-7 per cent. Economic growth could resume in 1995.

Exports are expected to shrink by just 5 per cent to \$38bn (£25.3bn), if Russia can maintain oil exports at last year's level.

The latter's volume increased by 20.6 per cent in the first quarter of this year.

Imports will fall sharply to 66 per cent of last year's level, partly because of a shortage of government funds to subsidise imports.

The International Monetary Fund has reached preliminary agreements with Belarus, Kazakhstan and Slovakia on loans under its new systemic transformation facility, and is at work on a similar agreement with Ukraine, Mr Michel Camdessus, the IMF managing director said yesterday, writes George Graham in Washington. The IMF board approved on Wednesday a \$1.5bn (£1bn) loan for Russia under the facility, which was created earlier this year as a way of speeding up the flow of aid to the former Soviet bloc.

But Mr Camdessus insisted he would not be rushed by pressure from the US and other members of the Group of Seven leading industrial countries into concluding negotiations on the second \$1.5bn tranche to which Russia would be entitled under the facility.

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Economic activity to expand 'modestly' this year

By Emma Tucker, Economics Staff

ECONOMIC activity in the industrialised world will expand only modestly this year and unless German interest rates continue to fall rapidly, recovery in Europe will be delayed until late next year.

In its half-yearly Economic Outlook published yesterday, the Organisation for Economic Co-operation and Development projects growth of 1.2 per cent for its 24 members this year and a moderate recovery in 1994, but warns that the upturn could easily be upset, especially in continental Europe.

Unemployment will continue to rise in virtually all of the member countries and could reach 36m – 8½ per cent of the labour force – in the first half of next year.

The good news is that inflation will slow, with many OECD countries experiencing the lowest rates for decades. If the opportunity to lock into low inflation is seized, the recovery, once it comes, could usher in a prolonged period of sustained OECD growth, the outlook projects.

Several uncertainties surround the projections. In particular, continuing debt reduction may damp demand by more than has been estimated. The OECD says although progress has been made in cutting excessive debt accumulated in the late 1980s, borrowers and lenders are still cautious. This is apparent even in the US where the most significant progress has been made.

High European interest rates continue to act as a drag on recovery. The outlook says it is not clear how far interest rates will have to fall from current levels to spur recovery but lack of progress on tackling German inflation means Germany's European exchange rate mechanism partners "may have to continue to maintain interest rates above levels warranted by their domestic economic situations."

Scope for stimulating growth is limited in virtually all OECD countries because of the need to cut budget deficits. Plans by several member countries to cut public spending could have a negative short-term effect on demand that may not be offset by the favourable impact of lower long-term interest rates.

External factors also continue to pose some risks, in particular exchange rate pressures and widening external imbalances. The latter is putting policy makers under pressure to extend protectionist measures, says the Outlook.

Crucial to sustained recovery is a rebuilding of consumer and business confidence. Governments could contribute to this by bringing the Uruguay Round to a rapid conclusion.

Other OECD highlights:

● Fiscal policy: The immediate task facing governments is to ensure their macroeconomic policies underpin non-inflationary growth. But this is not easy, particularly when rising unemployment puts pressure on governments to loosen fiscal policy. Recently announced fiscal packages in Japan need to be implemented as quickly as possible to boost demand while growth is still weak.

The sharp deterioration of public sector finances in the UK and France are described as "disquieting" and not entirely due to sluggish activity. Both cases underline the need to tighten fiscal policy in the medium-term and the already announced tax rises in the UK may be essential to credibility, says the Outlook.

In the US and Germany further measures are necessary to cut budget deficits. The US deficit is projected to widen again after 1997 unless the Administration takes action before the end of its term of office.

Unless Germany reigns in spending, it and other ERM countries may have to live with high real interest rates in the future.

● Monetary policy: With room for manoeuvre on the fiscal side restricted, most of the burden for supporting a sustained recovery will fall on monetary policy. Outside continental Europe, monetary conditions are consistent with actual or incipient recoveries, says the outlook. If recovery falters a further cut in interest rates would be in order but only if inflation remains subdued.

For many continental European countries even modest recovery depends on further interest rate cuts. Falling output and wage moderation should make an easing of monetary conditions possible for Germany. Such a move would have to be judged carefully, however, in order not to compromise price stability.

● International issues: Differences in cyclical positions between countries could lead to widening of the absolute levels of current account imbalances. The OECD says there is a danger that bilateral deals to cut trade imbalances will undermine multilateral bargaining in the Gatt.

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What the future holds

OECD Secretariat estimates, seasonally adjusted annual rates; German data for the whole of Germany

Real GDP
Percentage change from previous period

	1992	1993	1994
US	2.1	2.6	3.1
Japan	1.3	1.0	3.3
Germany	2.0	–1.9	1.4
OECD Europe	1.0	–0.3	1.8
Total OECD	1.5	1.2	2.7

Inflation *
Percentage change from previous period

	1992	1993	1994
US	2.6	2.6	2.4
Japan	1.8	1.6	1.7
Germany	5.4	4.9	3.1
OECD Europe	4.9	4.1	3.9
Total OECD	3.3	3.0	2.8

* GDP deflator

Unemployment
Per cent of labour force

	1992	1993	1994
US	7.4	7.0	6.5
Japan	2.2	2.5	2.6
Germany	7.7	10.1	11.3
OECD Europe	9.9	11.4	11.9
Total OECD	7.9	8.5	8.6

Government budget balances*
Per cent of GDP

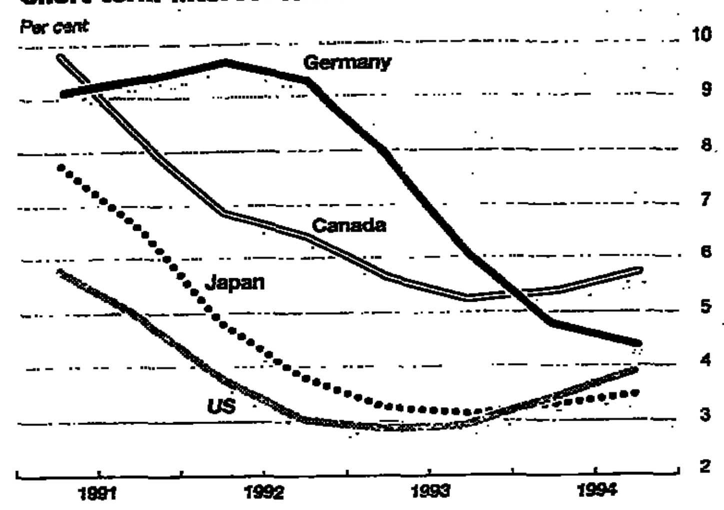
	1992	1993	1994
US	–4.7	–3.8	–2.9
Japan	1.6	0.1	–0.1
Germany	–2.8	–4.1	–4.1
OECD Europe **	–6.0	–7.1	–6.6
Total OECD ***	–3.8	–4.2	–3.6

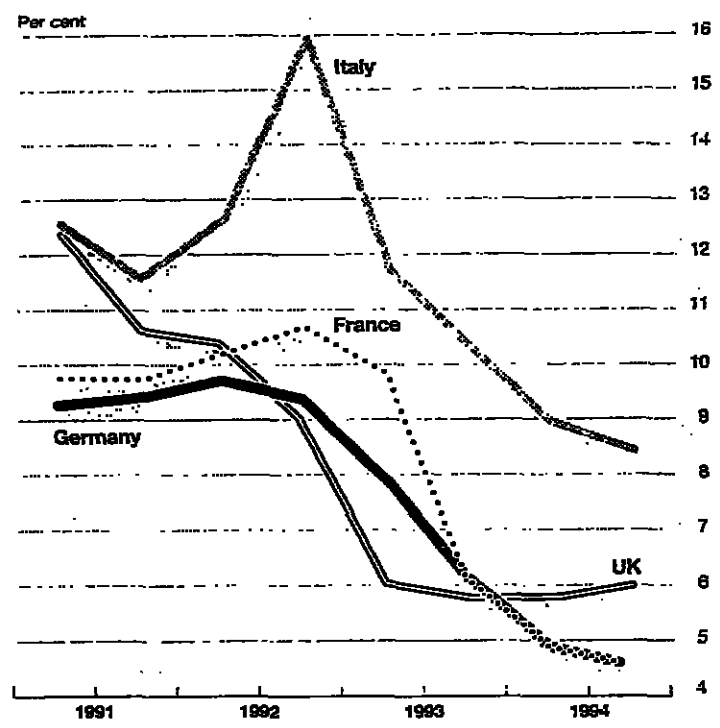
* General government financial balances; ** Excl. Iceland, Luxembourg, Switzerland and Turkey; *** Excl. Iceland, Luxembourg, New Zealand, Switzerland and Turkey

Current balances
Per cent of GDP

	1992	1993	1994
US	–1.0	–1.3	–1.4
Japan	3.2	3.3	3.3
Germany	–1.3	–1.5	–1.5
OECD Europe	–0.8	–0.8	–0.7
Total OECD	–0.2	–0.2	–0.1

Short-term interest rates





UK recovery hit by downturn across Europe

ECONOMIC recovery is under way in the UK, but its strength is open to question, writes Emma Tucker.

The most positive scenario outlined in the Economic Outlook is that low inflation and continued recovery in consumer confidence fosters stronger than expected growth. But rapid deterioration of economic prospects in Europe could check recovery as demand for exports stays subdued.

The scope for further interest rate reductions depends on government ability to stay within its inflation target range of 1 to 4 per cent, says the OECD. But long-term bond yields of over 8 per cent, reflecting inflation expectations above the ceiling of the target range suggest that financial markets have yet to be convinced by the government's medium-term strategy for controlling inflation.

Overall, the OECD's forecasts are slightly more optimistic than the UK government's own predictions, with gross domestic product forecast to grow by 1.8 per cent this year and by 2.9 per cent next.

The rise in output will be led by a recovery in private consumption and residential construction, broadening to other areas in the second half of the year as adjustment to corporate balance sheets tails off and de-stocking ends.

After that, public investment and the "continuing resilience" of investment by the newly-privatised utilities should act as a support to growth, according to the report.

The OECD believes the government deficit will stop rising next year. It estimates, however, that the cyclical component of the deficit – the shortfall that occurs purely as a result of recession – accounts for only between one half and one quarter of the total deficit.

In a separate article, the OECD points out that high tax revenues during the buoyant years of the 1980s were used by certain member countries to reduce tax rates, rather than to ensure greater fiscal consolidation and reduce public debt.

"The most that was achieved was a stabilisation of the debt ratio at the end of the 1980s, meaning that the current increase in government debt, relative to GDP, is taking place from a worse initial position than in the previous cycle," it says.

The UK's trade position is also a source of concern. The widening of the current account deficit, possibly rising to about 3 per cent of GDP, could constrain the scope for non-inflationary growth.

The OECD believes the short-run outlook for wages, unit labour costs and retail prices to be benign. Its central projection, however, is that the sharp rise in import prices after devaluation will be largely offset by stable unit labour costs and considerable slack in the domestic economy.

Sweden bottom of the growth league

SWEDEN'S conservative-led government yesterday responded to the indignity of falling to the bottom of the OECD's growth table by stressing the improvement it expects in the recession-hit economy next year, including a big downward revision of its inflation forecast, writes Hugh Carnegy in Stockholm.

The predicted fall of 2 per cent in Swedish GNP this year is the worst performance among the OECD's 24 members. A forecast budget deficit equivalent to 13 per cent of GNP was no less painful. But the government took some comfort in the OECD's forecasts for 1994, when export growth and the effects of budget cuts are expected to start taking effect.

The OECD predicts GNP growth of 1.4 per cent next year, compared with the government's forecast of 1.2 per cent.

The government's inflation forecast for 1993 is cut to 4.6 per cent from 5 per cent, and for 1994 to 2.8 per cent from 3.3 per cent.

Savings shortage feared

By Emma Tucker

THE persistance of relatively high real interest rates in most industrialised countries for the past decade suggests a savings shortage, according to the Economic Outlook.

The report, which says that real interest rates are too high in many member states for the current point in the business cycle, warns that the shortage of savings could result in lower investment, slower growth and difficulties in providing adequate finance for developing countries.

It points out that while real short-term rates in the US and Japan have declined sharply, reflecting the need to boost demand, rates have moved counter cyclically in Europe. Last year European rates generally firmed, in spite of weakening activity.

The OECD also reports that France companies benefit greatly from lower short-term interest rates while German corporations, which rely on longer-term financing, benefit relatively little.

A study shows the impact of lower interest rates varies according to the speed with which a country's debt-servicing obligations change as a result of a market rate fall.

In the UK, for example, short-term interest rates are particularly important and debt servicing obligations respond quickly to changes in market rates.

However, in Germany more than 80 per cent of bank lending to the private sector is long-term.

E Europe growth predicted

By Emma Tucker

THIS YEAR will see a resumption of growth in certain central and east European countries, according to OECD projections.

Modest economic expansion is forecast for Poland, Hungary and the Czech Republic, but the situation is more precarious for Bulgaria and Romania where basic structural reforms have not been completed.

Unemployment is expected to continue rising in all the region's countries before beginning to fall in 1994.

The OECD points to three main barriers to more dynamic growth in the main east European economies:

● State enterprise sectors are burdened with many unprofitable companies with deteriorating balance sheets. Social and political considerations, however, make wholesale bankruptcy a difficult route.

● Recently restructured banking systems require banks to undertake new lending with extreme prudence. They are also under pressure to strengthen profitability through lower costs and by maintaining large interest rate spreads. As a result access to bank credit is expensive and restricted for all but the most preferred or best borrowers.

● Narrow tax bases have emerged as a structural weakness as productive activity shifts from the public sector to the private sector which is more prone to tax avoidance. This has resulted in big budget deficits in most countries, except the the Czech Republic.

Pensions and profits block six-year agreement

US steel contract back in melting pot

By Laurie Morse in Chicago

A MUCH-HERALDED labour agreement by the United Steel Workers Union and one of the largest US steelmakers has come apart during ratification, sending negotiators back to the bargaining table.

The contract hit a snag shortly after ratification ballot papers had been sent to the 9,000 USW members covered by the pact.

The union and Chicago-based Inland Steel discovered serious differences in the accountancy used to determine pension liabilities and profit-sharing rights. The differences resulted in about $5m in lost income for union members, union negotiators said.

Rather than open the completed ballot papers, which were expected to approve the contract, local union leaders held them for nearly a week at a post office in East Chicago, Indiana, and then burned them on Wednesday.

"We're going to have to send a whole new ballot out," said Mr Gary Hubbard, a spokesman at the union's national office in Pittsburgh.

Inland Steel and the union announced tentative agreement on the unprecedented six-year contract on May 27. The current Inland contract is to expire on July 31.

The new pact was to serve as a model for negotiations at LTV, Bethlehem Steel and National Steel, the country's largest integrated steel producers, which also have July 31 contract deadlines.

The agreement provided for high levels of co-operation between the union and Inland, with both sides seeing it as a stabilising influence on the industry.

The US steel industry has undergone drastic restructuring in the past decade. It is fighting competition from abroad and from more efficient domestic mini-mills with non-union labour.

The incident is an embarrassment for the union and a frustration for Inland. "It is troubling – we're trying to demonstrate a new partnership and power-sharing with this contract," Mr Hubbard said.

Washington announces big cuts in military bases abroad

THE US Defence Department yesterday announced the largest cuts in its overseas bases for three years, including the closure or reduction of operations at 92 installations, AP reports from Washington.

Thirteen big installations are affected, including Bitburg air base in Germany, which will have reduced operations.

The announcement brings to 840 the number of US sites overseas where operations have been trimmed since 1990, 773 of them in Europe.

The department said the cuts were the first to be guided by President Bill Clinton's decision to reduce US forces in Europe to 100,000 by September 1996, rather than the 150,000 planned by the Bush administration. Some of the closures have been reported in Europe.

Facilities to be shut down include the units in Germany that guarded the Fulda gap, which military stategists consider the traditional invasion route into southern Germany.

The department said the changes in the overseas bases would affect 24,000 US military jobs, 6,600 US civilian jobs and 7,300 local employees. Some US individuals may be transferred to the US or elsewhere but many are losing their jobs because of the overall reduction in forces under way since the Bush administration.

Most of the affected facilities are in Germany, but a few are in the Netherlands, the UK and Korea.

The department said it was reviewing other sites worldwide for full or partial return to host governments. Mr Clinton is preparing to send to Congress a list of dozens of domestic US bases that will be closed or reduced.

Developing a more worldly bank

George Graham on plans at the World Bank for improving its project management

THE World Bank will next week hold three days of discussions on reforms that could radically alter the way the Washington-based development institution operates.

Executive directors representing the shareholder countries will discuss working papers proposing steps to halt the decline in the quality of the bank's loan portfolio, policies for disclosure of information, and the establishment of an inspection panel to review complaints from the public about bank-funded projects.

Some of the changes result from several months of argument and soul-searching among managers and directors of the bank, provoked by a report last year from Mr Willi Wapenhans, a former senior bank official, on the deterioration in the quality of the bank's portfolio.

The Wapenhans report said that more than 75 per cent of World Bank projects showed acceptable performance, but warned that the proportion of projects with big problems had risen from 11 per cent in 1981 to 20 per cent in 1991.

Bank managers and directors have also been acutely anxious to avoid any repetition of their débâcle over the Narmada dam project in India. Sustained criticism of the project from local activists and environmental groups around the world forced the bank to appoint an independent commission whose damning findings eventually led India to withdraw its request for bank funding.

"The summary point is simple: neither the board nor the president want more surprises about problems with on-going projects," says the draft paper on the establishment of an inspection panel circulated within the bank.

But the internal debate has been sharpened and greatly accelerated by the prodding of the US Congress, in the person of Mr Barney Frank, the Massachusetts Democrat who chairs the House subcommittee which oversees international development issues.

Mr Frank's lever is that he controls the legislation to authorise Washington's $3.75bn (£2.5bn) contribution to the International Development Association, the World Bank affiliate which provides concessional interest rate loans to the poorest countries.

In negotiations with the World Bank and the US Treasury, Mr Frank has implicitly, although not publicly, made the IDA contribution conditional on improvements in the bank's disclosure and appeals procedures.

The documents produced for next week's board discussions are still viewed as inadequate by the environmental groups that have been at the forefront of demands for greater transparency in World Bank operations.

They also fall short in some respects of the understanding US officials thought they had reached in their negotiations with the bank. Nevertheless, they go much further than before in meeting demands from environmentalists and shareholder governments for greater transparency.

The draft papers propose two options for the setting up of an inspection process.

One idea, raised by the Dutch and German executive directors, is for a single inspector who would not only investigate outside complaints but also review a random sample of bank projects.

A second proposal would involve three independent inspectors, reviewing only projects about which complaints had been received.

While there are still questions about details such as budgets and the publication of inspection reports, the second proposal seems likely to prove broadly satisfactory to the US Congress.

The draft paper on disclosure, however, raises more problems. Although the bank proposes publishing final staff appraisal reports on projects and final country reports, early information on projects would be available only in specially prepared Project Information Briefs. Critics led by the Environmental Defence Fund have circulated comments insisting on the publication of early project documents, "not fairy-tale versions of them".

The third paper, "Next Steps", is designed to follow up the Wapenhans report with measures to improve portfolio performance. An earlier version was dismissed by shareholder countries as inadequate, and the new document attempts to offer stronger measures to shift the bank's corporate culture away from one in which employees are rewarded for approving ever greater volumes of loans; towards one which focuses on implementation.

"Next Steps" introduces portfolio performance reviews for each borrower country, but also promises changes in personnel practices to increase the importance attached to portfolio management in staff reviews and promotions.

"It is hardly possible to over-emphasise the importance of these incentives to reinforce the change in culture towards implementation," says the document.

It argues that reversing the decline in the quality of the portfolio must be given the highest priority in the bank's agenda.

Government loses close election in Belize

By Canute James in Kingston

MR Manuel Esquivel, a 53-year-old businessman, is to be sworn in by the weekend as prime minister of Belize, following a narrow victory by his United Democratic party in the general election on Wednesday.

Preliminary results yesterday gave the UDP 15 of the 29 seats in the Central American state's assembly, with 13 for the People's United party of Mr George Price, the long-serving prime minister. A recount was under way in one constituency.

The result suggests a miscalculation by Mr Price, who called the election 15 months before it was due. He had hoped to be returned to office on the basis of steady economic growth in the former British colony. Also, the PUP had done well in recent by-elections.

In the month-long campaign, however, Mr Esquivel's UDP closed the gap, arguing that Mr Price's administration was corrupt. He charged the government with having given Belizean citizenship and voting rights to thousands of refugees from neighbouring Guatemala, Honduras and El Salvador in a bid to win the election.

Mr Esquivel also proposed free education, from primary school to university, as well as income tax concessions.

The PUP's loss has raised questions over the political future of Mr Price, who has dominated the politics of the country of 200,000 people for 40 years, and has been its political leader for all but five years since 1954. If Mr Price steps down as PUP leader, he is likely to be succeeded by Mr Said Musa, foreign minister, or Mr Florencio Marin, a former deputy prime minister.

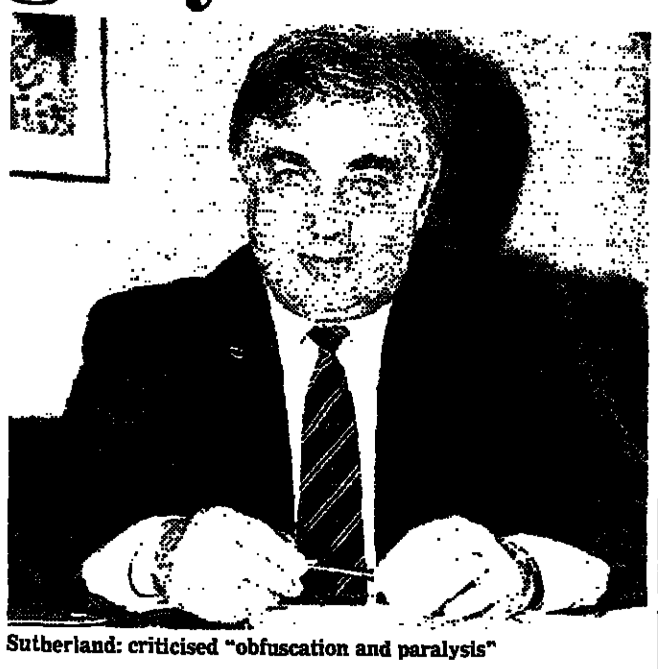
Mr Esquivel, who was prime minister in 1984-1989, is not expected to bring any great political changes to Belizean domestic affairs.

During the campaign, however, he accused the Price administration of making too many concessions to Guatemala in an effort by the government to bury for good a 130-year-old Guatemalan territorial claim on Belize, which Guatemala recently declared that it had relinquished.

The opposition leader suggested the suspension of legislation which grants Guatemala access to the Atlantic Ocean through Belizean territory.

G7 summit 'crucial' to Uruguay Round

By David Dodwell, World Trade Editor



Sutherland: criticised "obfuscation and paralysis"

CONFLICT over international trade liberalisation will provide "a major test of post-cold war leadership" at next week's Tokyo summit of the Group of Seven industrial countries, according to Mr Peter Sutherland, the new director general of the General Agreement on Tariffs and Trade.

Predicting that the summit will be a "crucial catalyst" for rescuing the stalled Uruguay Round talks on international trade liberalisation, after months of "obfuscation and paralysis", Mr Sutherland said that if leaders failed to reach agreement, the round would be "a pipe dream".

"I don't see any point in fooling ourselves about the seriousness of the situation. It will be extremely difficult – even utopian – to deliver the Uruguay Round by the end of the year if the G7 fails."

A successful agreement could generate \$200bn (£133bn) in new trade each year. Failure is almost certain to trigger damaging tit-for-tat protection among industrial powers.

Noting that he was "increasingly apprehensive" about setbacks in the past week between trade negotiators on market access for manufactured exports and on the US-Japan trade relationship, he said: "So much rests on the G7, I can only hope the negative feelings of recent days are not the reality.

"It is simply not good enough for the G7 to make general protestations in favour of trade reform, as they have for the past five summits," he said: "We need a detailed communiqué that allows negotiators to move on to a multilateral treaty. If the outcome is unclear, it is negative."

France has in recent days set increasingly stringent conditions for any G7 agreement on trade reform.

Mr Sutherland would not comment yesterday on his talks with French President François Mitterrand: "France is the world's fourth largest exporter, and the second largest exporter of services. It has a crucial interest in a satisfactory outcome of the round, whatever the temporary pressures for protection: the inexorable logic of this should be as clear to the posers that be in France as it is to us."

Mr Sutherland, speaking on his first day in office at the head of Gatt, was emphatic that his own role was limited: "I can't be presented as a magician. I am a facilitator. There is no point in lecturing about banging heads together if the basic will is not there."

He plans to meet Mr John Major, the British prime minister, and Mr Douglas Hurd, the foreign minister, in London today, as part of a flurry of briefings with G7 leaders ahead of the G7 summit.

EC chemicals curbs sought

By Paul Abrahams

EUROPE'S chemical industry association has called on the EC to apply trade measures against east and central European chemicals manufacturers.

Cefic, the European Chemical Industry Council, has asked for intervention, following substantial increases in imports from the east at low prices. It claims the imports have been sold at prices not always set by market economy principles.

The body warns that parts of the EC industry could be forced to close plants and shed jobs. The five areas affected are fertilisers, soda ash, polyvinyl chloride (PVC), caprolactam (a precursor of nylon), and melamine (a plastic).

PVC imports from the east have increased from 84,000 tonnes in 1989 to about 270,000 tonnes last year, while prices have fallen about 30 per cent. Soda ash imports have also risen, from 27,000 tonnes to 162,000 tonnes, as prices fell 10 per cent. Caprolactam imports shot up from 606 tonnes to 33,000, as prices fell 30 per cent.

Nevertheless the EC's overall surplus in chemicals trade with eastern neighbours rose to Ecu1.01bn (£774m) from Ecu527m in 1990.

Court blow to Nafta is not fatal, but it's more messy

Nancy Dunne on an order for environmental impact study

THE BLOW dealt on Wednesday to the North American Free Trade Agreement by a federal judge in Washington was not fatal, but it provided one more complication to passage of a pact which is as unpopular as any in recent memory.

Lawyers and lobbyists yesterday were scrutinising the order by Judge Charles Richey that President Bill Clinton's administration prepare an environmental impact statement – a procedure which can take months, even years – for submission to Congress.

The order is to go on expedited appeal, which could take about two months. Meanwhile, the ruling will not delay the tight schedule for the agreement's passage, since the administration intends to proceed with the Nafta implementing legislation.

But should the appeal fail there will be no possibility of Nafta coming into effect on its implementation date, January 1 1994. Moreover, the administration would then face new political battles over the environmental consequences of the pact which might be highlighted by the EIS.

The law requires that the administration submit an EIS with every bill having an impact on the environment, but it has never been applied to trade agreements. The court has not specifically ordered the administration to submit one with the proposed Nafta legislation and Mr Mickey Kantor, the US trade representative, yesterday insisted he could go forward without it.

The implementing legislation for Nafta, which was negotiated by the administration of Mr George Bush, contains various changes in tariffs schedules and laws necessary for the trade pact to go forward.

Ms Lori Wallach, a lawyer with Public Citizen, a consumer and environmental group, yesterday said the court could not issue an order to the president because of the separation of powers provided in the US Constitution. The court, however, ordered the US trade representative to negotiate a schedule for the EIS with the three organisations which brought the suit.

Ms Wallach, however, said the US trade representative may refuse to negotiate while the appeal is pending.

Mr Kantor and his counterparts in Canada and Mexico will continue trying to find their way out of the existing stalemate on environmental and labour side agreements.

If the Canadians and Mexicans were ever in doubt about the clout and resolution of the environmental lobby, they were given a dramatic demonstration of it on Wednesday.

The administration has a tentative deadline of July 15 for completion of the side agreements. Work is well under way on the implementing legislation, which must be voted on within 90 days of being submitted. Several weeks more will be needed to prepare legislation for the side agreements.

It is likely they will go to Congress in September, but the time squeeze is severe since preparations will also have to be made to get new tariff schedules ready.

Environmentalists contend that if the court orders an EIS or if the administration prepares one unilaterally, the environmental damage it highlights would hurt the prospects for the pact. Nafta proponents, such as Mr Chip Brown, chief economist for Solomon Brothers, say the reverse is more likely.

"Mexico is not going to go back to where it was 20 years ago," Mr Brown said. "The only issue is will Mexico industrialise in the context of a Nafta or without Nafta."

There has been increasing criticism of Mr Clinton for a lack of leadership in trying to turn around public sentiment on the Nafta. Congressman Lee Hamilton, a Nafta supporter, this week said the lobbying effort has begun to build but what has been lacking is "the president's personal voice".

A cloud in the Mexican sky

By Damian Fraser in New York and Lucy Conger in Mexico City

THE NORTH American Free Trade Agreement has come to be the most cherished foreign and economic policy initiative of President Carlos Salinas of Mexico, during the three years since it was first proposed.

Significant delay, or even rejection, of Nafta is unlikely to lead to national economic collapse, but this would probably damage US-Mexican relations, reduce Mexican economic growth, and affect the race to succeed Mr Salinas.

Indeed, so much has the Mexican government invested in the treaty that officials refuse publicly to speculate on the consequences of rejection, repeating that the treaty's approval is "inevitable". Soon after the US judge's decision on Wednesday, that the treaty must be delayed on environmental grounds, Mr Jaime Serra Puche, Mexican trade minister, insisted: "This decision will absolutely not delay the process of negotiation".

However, news of the judge's ruling caused an immediate drop in the Mexican stock market, which closed down 30 points (1.81 per cent) in unusually heavy trading. Foreign investors also shied away from Mexican paper in the US, where Mexican par bonds showed a large one-day move by falling from 73⅛ to 71⅞ on Wednesday. They opened down yesterday.

If Nafta were delayed, Mexico's economy would be the first to suffer. The government has been forced to run a budget surplus and keep real interest rates above 5 per cent so as to cool the economy and finance a huge trade deficit. It was hoping that Nafta's passage would attract more foreign capital to Mexico, and thus raise growth before the presidentual election next year.

If the fate of Nafta were still not sealed by early next year, its fortunes and the Mexican presidential campaign would become intertwined. The nationalist opposition, led by Mr Cuauhtémoc Cárdenas, is likely to argue that the government made a bad error in betting so much on the good intentions of the US, and it would offer voters a more independent foreign and economic policy.

Rejection of Nafta would probably feed the old Mexican distrust of the US, and partly reverse the recent improvement in US-Mexican relations. Ramifications would also be felt throughout Latin America, where many leaders see Nafta as an indicator of US interest in the region.

Mr Salinas would be awkwardly placed if the treaty were called off. His government could be under domestic poliical pressure to re-affirm Mexico's sovereignty by launching a nationalist initiative, but foreign investors would be seeking a signal that his government's pro-market economic policy was on course.

The president is likely to try for a middle course, sending appropriate signals at home and abroad, but there can be little doubt that his prestige, and that of the pro-US technocrats in his government, would be severely damaged if Nafta were derailed by concerns in the US over the environment.

Warning for glass makers in Japan

By Robert Thomson in Tokyo

JAPAN'S Ministry of International Trade and Industry has warned leading sheet glass makers to end a system of kickbacks to dealers, which the Fair Trade Commission has suggested is a restriction on industry competition.

But one of the makers, Asahi Glass, said an FTC report describing the industry's behaviour as inappropriate had vindicated its way of doing business because "they found that we do not violate the anti-monopoly law".

Three companies – Asahi, Nippon Sheet Glass and Central Glass – dominate the Japanese market. The FTC found they run a dealer network that tends to exclude competitors, including foreigners.

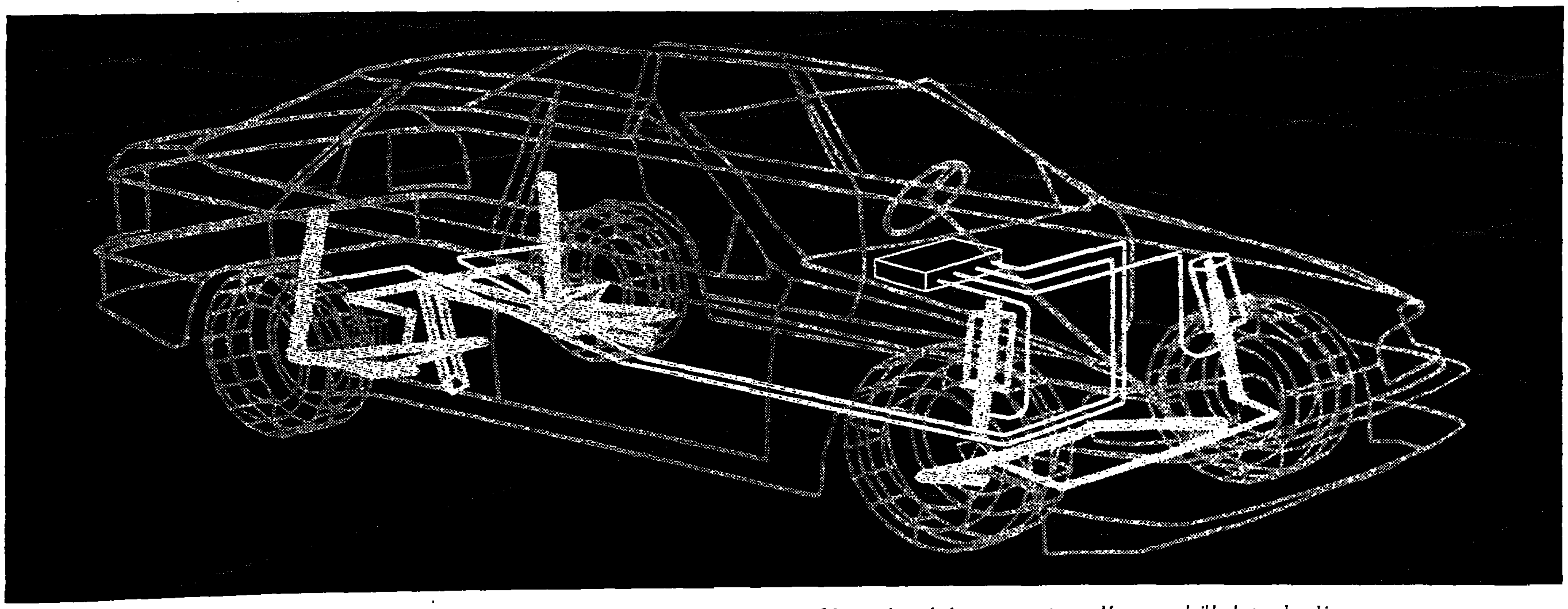
After publication of the FTC report, the ministry warned the three companies that they should change their ways, in particular payments to dealers who achieve sales targets set by the manufacturers.

The ministry's ceramics and construction material division asked the companies to "observe anti-monopoly laws more thoroughly" and ensure their contracts with dealers include no clause to stop them selling competitors' products.

They were also told to "educate employees to avoid market activities that might cause illegal mutual dealing" – a reference to what is sometimes friendly co-operation among the three companies.

But the removal of contract clauses to restrict dealers' contact with other suppliers might not clear a path for foreign suppliers. An FTC study of car dealers found that about half believed they were restricted to sell one make of vehicle, even though there is no specific limitation in their contracts.

After suggesting that the FTC report had vindicated the glass makers, Asahi Glass said the company would examine whether measures could be taken to ensure that the market remain open to foreign competition.



New push and old pull rock Japan's politics

Charles Leadbeater chronicles the many dilemmas facing a leading member of the LDP rebels

MR KAZUO Aichi was understandably nervous. Before him were 200 local dignatories who lead the group that supports him as a member of the Japanese parliament - village mayors, president of parents associations, doctors.

Many could recall Mr Aichi's father, a former top bureaucrat who became a powerful Liberal Democratic party politician, standing before them asking for their support. Yet his son was there to warn them that he would probably rebel against the LDP leadership, help to launch a rival party led by Mr Tsutomu Hata, the former finance minister and so crack open the post-war structure of Japanese politics.

A week later Mr Aichi and more than 30 LDP rebels defeated Mr Kiichi Miyazawa's government by voting with an opposition no-confidence motion.

One of Mr Aichi's aides recalls: "If the leaders of the support group had gone against, it would have risked our entire local organisation. But even the 80-year-olds fully supported it."

Yet their reasons highlight the ambiguous character of the dramatic changes unleashed by the Hata rebels. Mr Aichi's group supported him out of loyalty to the family name rather than because they want sweeping reform of Japan's corrupt, introspective and slow moving political system.

Mr Aichi's reliance upon traditional supporters and methods while advocating radical reform is symptomatic of the dilemmas faced by all Japan's would be reformers.

The gravity of Mr Aichi's decision should not be underestimated. Not only has he risked his political inheritance by breaking with the LDP, but also his future. As a sixth-term member of the parliament's lower house, he could have expected a cabinet post after the next election if he had stayed on the LDP merry-go-round.

He cites three reasons for joining the Hata breakaway:"Scandals are eroding public trust in government, rotting the basis for a free society. Japan has to play a larger world role and that requires a government with clear policies and strong public backing. Yet the LDP is incapable of reforming itself, so we have gridlock."

Mr Aichi supports electoral reforms, including proportional representation and the elimination of Japan's distinctively large, multi-member constituencies in favour of smaller single-seat constituencies. A reformed system would support two major parties, the LDP and probably the Social Democratic party and perhaps three minor parties which would hold the balance of power, he says.

The result would be a more open political system in which policies would determine who was elected rather than the amount of public spending on local bridges and sports facilities.

However to get there Mr Aichi will first engage in some very traditional Japanese politics. He needs about 150,000 votes to retain his seat. About 50,000 come from his support group, which extends like the root system of a tree down from the top 200 members into local neighbourhoods and companies.

Political advertising is banned, so Mr Aichi will have to spend millions of yen on a time-consuming trawl to reach his voters. The money will be raised by remortgaging his Tokyo basement office, which has served as a dissidents' meeting place over the past few weeks, a bar at one end and a karaoke machine at the other.

During the campaign, while Mr Aichi is out every day from 8am till late in the evening making speeches, a few dozen people at his headquarters will be at a phone bank cold-calling voters. In the evening the campaign headquarters will become a restaurant which voters visit in groups to sit and eat supper with Mr Aichi. In most industrial countries the politician's main campaign weapon is a soundbite delivered on the evening television news. For Mr Aichi it will be tea and noodles.

Mr Aichi remarked: "I will lose about 10 per cent of my traditional support but I hope to more than make that up by attracting new voters."

His chances of success have been greatly enhanced by a local electoral deal to minimise competition between rival reformist parties, which is testimony to the enduring strength of personal networks in Japanese power politics. Mr Aichi explained: "The Japan New party was going to run a candidate. But I know Mr Hosokawa the JNP's founder very well and so they decided not to run a candidate."

He will also need to project a clean, reformist image which marks a clean break with the LDP. On the difference which political reform would make to Japan's role in the world he explained that greater democracy was vital: "Japan has to become more pro-active. That means politicians taking decisions rather than bureaucrats who cannot take bold initiatives. At the moment politicians are just mouthpieces for the bureaucrats. The bureaucrats should serve the politicians."

Yet on the vital details he is more circumspect. Mr Aichi represents both urban and rural voters in Miyagi prefecture which is well known for its pearl white rice. As a result even Mr Aichi, one of the most internationalist of Japanese politicians, will not openly call for Japan to lift its ban on imported rice, one of the obstacles preventing a successful conclusion to the General Agreement on Tariffs and Trade's Uruguay Round.

"Rice is a very sensitive issue which is difficult to address in the election campaign. I will not make it an issue. That is something which will have to wait until afterwards," he said.

Judging by the conflicting pressures upon Mr Aichi, even if the ruling LDP is defeated, political reform will only lurch forward slowly because even the modernisers have no choice but to carry so much traditional baggage with them.

A Japanese regional mayor arrested for alleged bribe-taking, Mr Toru Ishii, yesterday announced his resignation, as public prosecutors continued to question him about links to four leading construction companies, writes Robert Thomson in Tokyo.

Prosecutors arrested Mr Ishii on Tuesday after allegedly uncovering evidence that he accepted Y100m (£627,000) from the companies in the expectation that they would be awarded public works contracts. Executives from the four companies have been arrested, but say the money was not intended as a bribe.

In announcing the resignation, officials in Sendai, where the mayor has ruled since 1984, said Mr Ishii had decided to resign to ensure stable government and "avoid political confusion". He was sponsored by the ruling Liberal Democratic party and some opposition parties. The case has cast a shadow over a general election to be held on July 18, and made some companies reluctant to donate funds to the LDP, though the Keidanren, the federation of business associations, yesterday said that it would again back the party.

Meanwhile, the Shinseito, or Japan Renewal Party, formed by a rebel LDP faction, yesterday "deeply" apologised for past links to that party and for the role that its members played in "maintaining a system of one-party rule".

Kazuo Aichi: caught between reform and tradition

Indonesian interest rates fall to 7-year low

INDONESIAN interest rates have fallen to their lowest level for more than seven years, raising hopes that consumer spending, which has been sluggish since 1991, may begin to pick up, writes William Keeling in Jakarta.

Bank Rakyat Indonesia, the largest state bank, yesterday lowered its deposit rates by half a percentage point to 11.5 per cent for one month money, a move swiftly followed by 19 private banks which announced a full point drop in deposit rates.

A fall in lending rates across the board may follow with Bank Niaga, a leading private bank, yesterday dropping its prime lending rate 1.5 percentage points to 19 per cent.

While interest rates vary wildly between banks, deposit and lending rates on average have now fallen by one-third in the last 12 months, mirroring the central bank's steady reduction of the government bond rate from an average 16.5 per cent a year ago to a current 8.5 per cent.

The spread between deposit and lending rates, however, is expected to remain high with many banks still battling with portfolios dogged by non-performing loans.

A move to lower rates has been welcomed by businessmen who hope it will prompt consumer demand and increase capital goods spending. Lower lending rates would also assist Indonesian companies, many of which are highly geared and reported depressed profits last year.

Common standard for VCRs

The world's leading consumer electronics makers yesterday announced plans to discuss a common standard for the next generation of video tape recorders, digital VCRs, and VCRs for high definition television, writes Emiko Terazono in Tokyo.

The move comes as worldwide consumer demand for electronics goods is waning, and the industry cannot afford to engage in costly wars in an area which they believe will be important in stimulating demand for new electronics products.

The 10 companies, including eight Japanese companies led by Matsushita and Sony, Philips of the Netherlands and Thomson of France, will form a technical conference to develop a common set of specifications to prevent a damaging standards war.

Digital VCRs record films from televisions or camcorders in computer language and, unlike the current generation of analogue VCRs, offer virtually perfect pictures no matter how many pictures are made.

Matsushita yesterday said the move was for the benefit of the consumer, as a conflict over standards would confuse them. Matsushita and Philips are currently competing against Sony in next generation digital audio equipment, where the two have backed DCC, a digital tape format, and Sony has launched Mini Disc, which is in disc form.

Rao intervened, says broker

Mr Harshad Mehta, the Bombay stockbroker at the heart of India's Rs50bn financial scandal has claimed that the prime minister's office directly intervened to help his associate brokers on the stock market in January 1992, two months after Mr Mehta had allegedly given Mr Narasimha Rao Rs10m for his by-election campaign, writes Shiraz Sidhva in New Delhi.

Mr Mehta is being cross-examined by a joint parliamentary committee investigating the Bombay stock scandal.

The stock-broker made a lengthy written submission detailing the number of telephone calls he had made to the prime minister's office before he was nailed as the man who started the financial scandal.

He claimed that two of his associate brokers were saved from disciplinary action by the Bombay Stock Exchange board when the finance ministry's lone representative on the board reversed a unanimous decision of 21 directors to penalise the brokers at the behest of the prime minister's personal assistant.

Mr Narasimha Rao, on a four-day tour of his home state of Andhra Pradesh, reiterated at a series of public meetings that he had not taken any money from Mr Mehta, and rejected opposition demands for his resignation.

Douglas Hurd, UK foreign secretary (left), reiterated Britain's ull support for HK governor Chris Patten at a meeting in London

Patten gets tough on democracy

By Roger Matthews in London

MR Chris Patten, the governor of Hong Kong, warned China yesterday that he would go ahead with his scheme for greater democracy in the colony if the two sides did not make progress in their negotiations within the next few weeks.

Speaking after securing the full endorsement of Mr John Major and the British government, Mr Patten refused to set a timetable. "I am reluctant to circle dates in the calendar," he said, but later added: "We cannot go on forever. We would like to make more progress in the next few weeks in order to get a satisfactory outcome."

Mr Patten's proposals for a fairer, more open way of electing members of Hong Kong's Legislative Council, have been bitterly attacked by China which said they violated the agreement signed with Britain for the return of the colony in four years time.

However Chinese hostility has subsequently softened slightly. Some of the economic development plans that it was blocking in retaliation have been allowed to proceed, and the resumption of talks in Beijing offered some prospect of progress on the elections issue.

During the sixth round last week China for the first time laid out its specific objections to the election proposals which had been first unveiled last October.

Mr Patten said yesterday that he would go ahead and present the legislation for his proposals if no progress was made in the seventh round of talks that begin next week. "The bill will be introduced in the Legislative Council after we have concluded a satisfactory agreement with China, or if we do not get a satisfactory agreement with China we will have to go ahead and legislate on our own," Mr Patten added.

Mr Douglas Hurd, the foreign secretary, confirmed that Mr Major and his cabinet colleagues fully supported the governor. "We have decided that the approach we have been taking, strategically and tactically, in these talks is the right one," said Mr Patten who returns to Hong Kong today.

'Active' UN role for Japan, Germany

By Michael Littlejohns at the United Nations in New York

THE elevation of Germany and Japan to permanent membership in the UN security council would require their "active role in global peace and security activities," the US said yesterday.

In supporting their entry in an official response to a UN resolution on council reform, the US also emphasised that the status of the existing five permanent members should remain unaltered. Thus, there would be no direct threat to Britain and France whose diminished status has been cited by third world members as a reason for change.

But many members may not welcome the implication that Germany and Japan, the enemy states whose defeat in second world war led to the creation of the UN, should have a stronger military role half a century afterwards.

Britain, France, Russia and China, which with the US form the present permanent membership, did not immediately release their responses to the resolution. These were supposed to have been delivered by the end of June.

Mr Boutros Boutros Ghali, secretary general, will compile all the comments in a comprehensive report to the general assembly, which will review the question later this year.

He favours reform of UN bodies in 1995, when the 50th anniversary of the adoption of the Charter will be celebrated. Japan, currently an elected member of the council, hopes to make a smooth transition to a permanent seat by then.

Nigeria, Brazil, India, Pakistan, Egypt and even a multi-racial South Africa have all been mentioned as contenders for permanent membership.

The US evidently did not want to take sides in any such contest but declared its willingness to consider "a modest number of additional seats".

Nor did the statement address the question whether new permanent members should have the power of veto. However, it stressed that the current five had "global political and economic influence and a capacity as well as a will to contribute to global peace and security through peacekeeping and other activities."

All of them happen also to be nuclear powers.

UK puts freeze on fresh aid to Nigeria

By Paul Adams in Lagos and David White in London

BRITAIN yesterday announced a freeze on new aid to Nigeria until a democratically-elected civilian government was installed and shown to be working unhindered.

Mr Douglas Hurd, the foreign secretary, said in a parliamentary statement, that limited military sanctions imposed by the government last week in response to the annulment of this month's presidential elections by Nigeria's military rulers would remain in force "until a democratic civilian regime has been installed and is working unhindered. Meanwhile no new aid commitments for Nigeria will be made."

Britain's bilateral aid amounts to about £14.5m a year. The sanctions do not affect the delivery of the last batch of an order for 72 Mark 3 tanks worth £150m. But British officials said that the option of suspending delivery would come under review if a handover to effective civilian rule was delayed beyond August 27.

Nearly three weeks after the annulled poll, the transition to democracy remains confused. President Ibrahim Babangida has annulled the victory of Moshood Abiola in the June 12 elections, banned both candidates and ordered fresh polls with new candidates, but insisted the handover to elected civilian rule is still 'on course'.

Many southerners see the government's action as a determination to stop a Yoruba becoming head of state but there are no signs yet of the threatened rift between north and south in Nigeria.

The military hierarchy has backed the annulment of Mr Abiola's victory at last week's meeting with senior officers in Abuja, but they told him that the regime must make way on August 27.

Mideast talks end amid criticism of US proposals

By Roger Matthews in London and Julian Ozanne in Jerusalem

THE TENTH round of Middle East peace negotiations ended in Washington yesterday with little sign of progress and both Israelis and Palestinians criticising a US document aimed at bridging their differences.

Some hours before the final session of talks began two Palestinian gunmen opened fire on a bus in Jerusalem, wounding three people and then killing the woman driver of a car they later hijacked. The two Palestinians were later shot dead by Israeli troops at a road block near Bethlehem.

Mr Yitzhak Rabin, Israel's prime minister, said the attack, the most serious since the closure of the occupied territories in late March, was aimed at destroying the peace negotiations. He believed that the shootings had been ordered by Hamas or Islamic Jihad, two of the radical groups in the West Bank and Gaza opposed to the peace process.

In Washington, Palestinian negotiators expressed "extreme displeasure" at the latest American proposal aimed a finding common ground on a declaration of principles to guide negotiations over an interim self-governing authority for the occupied territories.

Mr Rabin, who is visiting Paris, said he was disappointed at the changes the US had made to the first document it submitted at the end of the ninth round of talks. But there was still room for discussion, he said, and was confident that negotiations and contacts would continue. "Both the Israeli and Arab side have passed the point of no return on the road to peace."

Mrs Hanan Ashrawi, spokeswoman for the Palestinian delegation, said the latest US document offered no basis for negotiation. She added that it violated the terms of reference for the peace process, but would be further studied by the leadership of the Palestine Liberation Organisation in Tunis.

One of the key obstacles to have arisen again during the past three weeks in Washington has been the status of Jerusalem. The Palestinians insist that east Jerusalem, captured by Israel during the 1967 war, has to be within the competence of the interim self-governing authority which will be established before negotiations open on the final status of the occupied territories.

The Israeli government has said that the talks have no future if the Palestinians continue to raise the issue of Jerusalem because the future of the unified city is not negotiable.

No date has been set for the next round of talks but Mr Dennis Ross, the US peace talks co-ordinator, will visit the Middle East with State Department officials next week to continue contacts. Mr Warren Christopher, the secretary of state, is also considering a visit to the region in the next few weeks.

The negotiations between Israel, Syria and Lebanon, also ended yesterday without any hint of a breakthrough.

Taiwan aims to attract investors

By Dennis Engbarth in Taipei

TAIWAN yesterday approved a draft economic programme and a package of measures to promote private investment in manufacturing and to stem the flow of capital to China.

The draft, prepared by the Council for Economic Planning and Development (CEPD), highlighted the sluggish state of manufacturing and emphasised the need to promote private investment.

Superficially, Taiwan's economy seems strong. Average real economic growth between 1988 and 1992 was 6.7 per cent compared to the average world rate of 2.4 per cent over the period.

Government planners expect a 6.33 per cent rise for 1993.

However, the growth in fixed capital investment has been declining from between 25 and 30 per cent of gross domestic product (GDP) in the early 1980s to 21.6 per cent of GDP over the past five years. Private capital investment has been rising by an annual average of only 8.5 per cent from 1988-92.

Mr Vincent Siew, chairman of the CEPD, acknowledged that many manufacturers "have set up factories in foreign countries or the [Chinese] mainland". Estimates of the accumulated capital outflow from Taiwan to mainland China range from \$10bn to \$20bn since mid-1987 when Taipei began to lift restrictions on contacts there.

Data from the Central Bank of China show that total net outflow on the capital account of Taiwan's balance of payments amounted to \$61.9bn from 1987-91, third only to Japan and Germany.

Mr Siew said the CEPD hoped the measures "could effectively solve a wide range of problems faced by private investors such as access to land, labour supply and higher levels of technology."

He also said the plan would further Taiwan's development as a regional centre for research and development, manufacturing, transport and communications.

The programme includes a medium-term plan to establish a free trade zone on Taiwan's west coast.

It also promises financial help for large and small-to-medium sized manufacturers through a NT\$40 billion (\$1.5bn) allocation from the postal savings system. A NT\$20bn fund will also be set up to support technology investments.

Among other measures are a review of Taiwan's land-use development rules, a review of policy regarding foreign workers to ease labour shortages and stepped-up efforts to revise the island's working practices.

The plan also calls for streamlining of government organisations and accelerated efforts to privatise state industries and utilities.

NZ to open access to fiscal information

By Terry Hall in Wellington

NEW ZEALAND is to pass legislation by September to ensure the public has access to a regular flow of up-to-date budgetary and other fiscal information, Ms Ruth Richardson, minister of finance, announced in last night's budget.

The legislation will be similar to that which gives the Reserve Bank independence from the government in setting monetary policy.

Ms Richardson said that the new law was prompted by the fact that the previous Labour government failed to acknowledge a deteriorating economic situation which had led to a much worse fiscal outlook.

Under the new legislation, future governments will be required to provide six-monthly economic and fiscal outlooks and monthly "outturns." In addition a comprehensive fiscal and economic update must be given at the start of each general election campaign. Each budget must also contain medium term fiscal outlooks with the reports based on generally accepted accounting practice as well as improved budget documentation.

The budget confirmed predictions that, despite elections in four months, it would contain few giveaways.

Ms Richardson announced a deficit of NZ\$2.2bn (£791m) for the new 1993-94 financial year in a budget she described as "aiming for consistency" in economic policy. She estimated that the deficit for the 1992-93 year, which ended on Wednesday, at NZ\$2.3bn, a NZ\$1bn cut on the figure in last year's budget.

She said that the total government debt programme this financial year would be NZ\$4.45bn due to maturing debt, net lending and other influences.

Ms Richardson said that the projected financial deficit for next year was for a deficit of NZ\$2bn followed by one of NZ\$1.1bn in 1995-96. The government hoped to balance its budget by 1996 - 97.

Police set up checkpoints despite warnings over threat to international financial status

City institutions hail security plan

By Gillian Tett

BANKING and business leaders yesterday threw their weight behind the decision to ring the City of London with police checkpoints from midnight tonight in an attempt to combat terrorism.

They had warned that without greater, security London's reputation as an international financial centre could be damaged. "We welcome these proposals," said the Stock Exchange. "we have been wanting improved security for some time".

Under the scheme, announced by the City of London police as the first stage in a package of measures, 18 access roads leading into the Square Mile – the financial centre which surrounds the Bank of England – will be closed to traffic.

Twenty-four hour police checkpoints, with powers to stop and search suspicious vehicles, will be mounted on seven other entry points to monitor incoming traffic. An eighth entry point, located on the edge of the London Wall and Moorgate, will be limited to buses and taxis.

The Treasury denied that the security cordon would undermine London's reputation as a financial centre. "This can only be good for London. The fact is that terrorism is an international threat. New York has had terrorist attacks too."

Mr Owen Kelly, the City of London Police Commissioner, stressed that although the checkpoints could be armed, they would be low profile, and most traffic would be allowed to pass freely into the City.

Insisting that he had government backing for the scheme, he shrugged off charges that the measures might be playing into the hands of the IRA. "If we allow the terrorists to plant another large bomb just think what a propaganda coup that would be."

Nevertheless, he warned that the new measures could not provide complete protection and called on businesses in the area to step up their own security arrangements.

In addition to the checkpoints, Mr Kelly said that other security measures would also be implemented, including:

- The deployment of powerful video cameras to record occupants of cars.
- The use of new electronic sniffers and increased numbers of sniffer dogs.
- The experimental use of x-ray systems to examine the contents of closed vans.
- The deployment of additional police across the city.

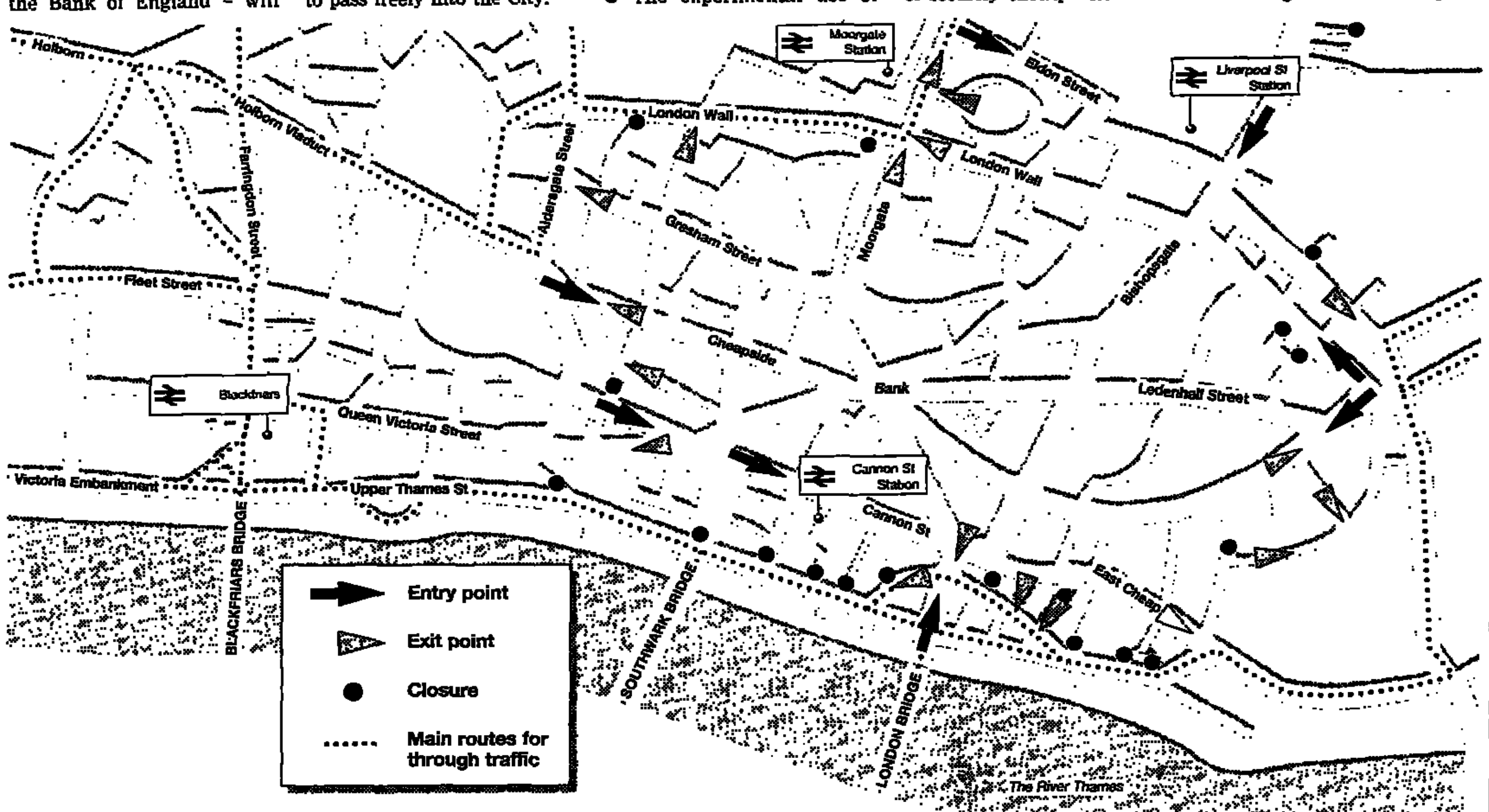
Acknowledging that the checkpoints were likely to cause some congestion during the first few days of operation, Mr Kelly said the measures were only temporary, planned for 12-months, pending a public inquiry into a tougher set of security schemes currently being drawn up by the Corporation of London.

These proposals, which would probably require parliamentary approval, are due to be unveiled in the coming days, and could include a complete ban on non-essential traffic from the City, and possibly the erection of Belfast-style steel road blocks.

Judging from the experience of security checkpoints in Belfast, most security analysts accepted that the scheme should serve as a powerful deterrent to terrorist vehicle attacks. "Terrorists don't like being caught. The very fact that there is a chance that they will be stopped will make them think twice about the risk," said Prof Paul Wilkinson, an expert on international terrorism.

In spite of threatened congestion and delays for the 90 per cent of London's business community using public transport to commute to the City, most regular workers were supportive of the measures.

One senior US banker said: "Of course, it will be a bit embarrasing when we have foreign clients coming over. But the most important thing for London is to show the world that it's got better security."



Ins and outs of defending the City

Lloyd's prepares to take first corporate investors

By Richard Lapper

BARCLAYS de Zoète Wedd yesterday announced it is to advise Sedgwick Group, the insurance broker, on the formation of a new £200 to 300m investment company, which could become the first "incorporated Name" at the Lloyd's of London insurance market.

The announcement coincided with the publication by Lloyd's of a consultative document providing more detailed information on how new corporate investors will participate at the insurance market.

BZW, the securities house, will work on the project with the CLM, a Sedgwick subsidiary formed earlier this year, and aims to launch the investment company in the autumn in time to participate at the market next year.

The new company will participate in Lloyd's through a group of subsidiaries, each of which would function as an incorporated Name, backing a number of underwriting syndicates. BZW will market the company among both institutions and individual investors and the company intends to seek a listing on the London stock exchange.

The announcement of BZW's backing for the project represents an important fillip for Lloyd's, which yesterday announced it was confident that many of the regulatory hurdles preventing the entry of corporate capital to the market would be overcome.

Lloyd's announced in its business plan that it intended to persuade corporate investors to join the market in April, following the erosion of its capital base in recent years.

The new consultative document provides details not included in the business plan. For example, Lloyd's plans to limit the amount that an incorporated Name can invest on any one syndicate to 20 per cent of the syndicate's capacity – the amount of premium it is allowed to underwrite – while in the aggregate incorporated Names will be allowed to provide no more than half of a syndicate's overall capacity.

There are, however, indications that Lloyd's, which last week posted a record loss of £2.91bn for 1990, has some way to go before it can convince existing Names to fully support its plans. Many Names attending the annual meeting of the Association of Lloyd's Members, the largest organisation of Names, believe that they are being discriminated against in favour of corporate investors.

"There is enormous suspicion of corporate capital," said Mr Larry Scott, of Grimston Scott, a firm of Lloyd's advisers. "Many Names are going through a crash course learning about Lloyd's business," he said

There indications that publicity, linked to the mounting legal disputes involving Names, has been hampering efforts of financiers working on corporate capital schemes.

Although bankers involved in a number of corporate capital schemes are bullish about the prospects for profits as a result of rising insurance rates, they say that some potential investors have been put off by adverse publicity linked to the legal actions.

Breakthrough in row over interest aid for exporters

By David Dodwell, World Trade Editor

A LONG-standing row was defused yesterday between the government and UK export bankers over proposed cuts in the interest support to offset the cost of arranging financing packages for overseas projects.

The banks will receive reduced support, but believe higher levels of export activity will make up for the loss.

News of a breakthrough after nine months of talks was announced by Mr Richard Needham, minister for trade.

The row centred over proposed cuts in the margins of Fixed Rate Export Finance (Frefs). These were cut five years ago following criticism by the comptroller and auditor general that they were not necessary to secure overseas contracts, and were not of benefit to the economy.

As the government has pressed for further cuts as part of its effort to curb spending, large exporters have expressed concern over the "dwindling band" of banks able to support their export efforts.

New Fref rates will range from just under 0.5 of a percentage point to 0.7, depending on the life of a loan and the currency it is arranged in.

This amounts to a cut of just over ⅛ per cent, though bankers were quick to point out yesterday that the lion's share of the cut had been made possible at no cost to themselves because the government has abandoned a ⅛ per cent margin for potential mismatches between sterling and loans raised in foreign currencies.

The new five-year agreement is expected to come into effect from July 5.

- The UK's Export Credits Guarantee Department said that after an 11-year break it is to resume cover for medium-term financing of exports of "capital and semi-capital goods" to Poland, the UK's largest market in the former Soviet bloc, writes Christopher Bobinski from Warsaw.

The decision sees the ECGD returning to the ranks of those western government agencies such as Hermes from Germany and Eximbank in the US which already offer credit guarantees for exports to Poland.

UK exporters, which had been pressing for the move, said that once cover had been resumed, UK sales to Poland were likely to top £1bn a year.

Britain in brief

Senior UK auditors fight Nadir ruling

Two of the UK's most senior accountants are fighting a ruling from their professional body for temporary suspension from undertaking new insolvency work, triggered by the circumstances surrounding their appointment as administrators to Polly Peck International.

Mr Michael Jordan and Mr Richard Stone of Coopers & Lybrand, the accountancy firm, are being scrutinised for breaches in ethical guidelines by accepting the appointment when their firm had conducted a wide range of work for PPI and Mr Asil Nadir, its fugitive former chairman.

The work included offshore trust management and personal tax advice to Mr Nadir, and advice to the company in the late 1980s on the accounting treatment of foreign currency, which helped boost the level of profits shown in the accounts.

Lecturers plan strike

College lecturers are planning strike action after the introduction of tough contracts yesterday which cut their holidays in half and add an hour to their working day.

The change follows the transfer in April of further education colleges from local authorities to national government control. The new contracts would cut their annual holiday allowance by half, and add five hours to their working week.

Shake-up for student unions

Mr John Patten, education secretary, announced student unions are to be made voluntary organisations, and barred from using public funds for political campaigning. His proposals, which he intends to include in an education bill in the next session of parliament, would limit public funding to core activities.

Surplus at BBC doubled

The BBC is in a stronger financial position than widely reported. The 1992-93 annual report to be published at the end of this month is expected to show a doubled operating surplus of between £60 and £70m.

Last year the corporation had an operating surplus in the region of £30m. Potential overspends on programme making of £15.9m in 1992-93 and £38m in the previous year have been compensated for by savings in the overall budget.

US group to run stadium

Ogden Entertainment Services of New York has signed a 20-year contract to operate Manchester's new 20,000-seat, £49m indoor arena. It will use it as the company's flagship for European expansion.

Ogden already operates more than 100 venues throughout North America.

Manchester's arena – which will be the biggest in Europe – is being built as part of the redevelopment of the city centre's Victoria Station will open in two years' time. It would a venue for the 2000 Olympic Games if the city stages them.

Business travel likely to grow

Most companies expect business travel expenditure to rise this year, but staff will be required to travel in less comfort than during the depths of the recession, according to a survey carried out by Surrey University for travel agents Thomas Cook.

The survey of 140 companies found that 77.6 per cent expected to spend more on business travel this year. But the proportion of staff permitted to fly club class will be lower than in previous years.

UK's largest union formed

Britain's newest, and biggest, union – Unison – has been formally launched out of the three public service unions Nalgo, Nupe and Cohse. The 1.4m strong union – with a combined subscription income of £100m-plus – will represent workers in the state run health service, local authorities and social security departments.

Labour to repay donation

The opposition Labour party has agreed to repay £11,000 donated by a Greek Cypriot businessman at the centre of a fraud investigation. The party hopes the move will encourage the Conservative party to repay the £440,000 if received from fugitive businessman Mr Asil Nadir.

Eco-labelling scheme started

The European Community's long-delayed eco-labelling scheme was launched yesterday for washing machines and dishwashers. The scheme will award labels to products which satisfy a list of environmental criteria devised in Brussels, and is intended to help consumers identify products which are least harmful to the environment.

A stray dog yesterday delayed start of play in the third England-Australia test match at Trent Bridge, central England. After Australian fast bowler Merv Hughes saw off the four-legged spectator, England scored 276-6. Batsman Robin Smith was the leading scorer with 86. Australia lead the six-match series 2-0

More than fifty directors paid £500,000 a year

By Diane Summers, Labour Staff

MORE THAN 50 quoted companies paid at least one of their directors £500,000 or more last year, while a dozen paid £1m or just under to individuals, an analysis of company annual reports to December 1992, published today, reveals.

The median increase in the highest paid directors' earnings was 5.5 per cent, according to the survey conducted by Monks Partnership, the pay research group.

At the same time, many top executives in the largest companies took a pay cut. In more than a quarter of those with a turnover greater than £50m, the highest paid directors' earnings were reduced.

Overall, the survey found the rate of top pay increases continuing to fall. Mr Tony Vernon-Harcourt from Monks said that, even for the most successful 25 per cent of companies, increases had been halved from 30 per cent in 1990.

It was important to view the increases in context, he said. "Most companies reporting to November 1992 or later will have set base pay changes for their executives in October or November 1991. At that time the underlying growth in average earnings was 7.25 per cent, so an increase of 5 per cent would be looked on as perfectly fair and reasonable."

Performance bonuses, as well as base pay, are included in the survey figures – not all companies separate the two in their annual reports.

Listed companies reporting on years ending after June 30 1993 will be required to state the extent to which they have complied with the Cadbury best practice code. One of the code's requirements is that "separate figures should be given for salary and performance-related elements and the basis on which performance is measured should be explained".

Mr Monks said that, where companies now disclose the presence of incentive plans, "there appears to be a reasonable correlation between the payment of an annual cash incentive and company results". Where it seemed there was a mismatch, it was often because of the payment of longer-term incentives, dependent on the achievement of pre-set targets over three or more years, said the company. However, it added: "There is no doubt that, in some cases, there is no discernible, or declared, relationship between individual rewards and corporate performance".

Overseas investors favour Britain despite slowdown

By Michael Cassell, Business Correspondent

MORE overseas investors set up projects in Britain than any other European Community country last year, but the number of investment projects fell for the second year running, according to official figures released yesterday.

Government figures revealed that investors based outside the EC sanctioned 303 new capital expenditure projects during 1992, creating or safeguarding in excess of 56,000 jobs – 5,000 more than in the previous year.

The biggest inward investor into the UK last year was the US, with 126 projects involving new investment, expansion or acquisition. Germany was second, followed by Japan and Switzerland.

The Invest in Britain Bureau, part of the Department of Trade and Industry, said it could not value 1992 inward investment as some companies had not disclosed details. New capital investment in the previous year, however, was estimated at £1.3bn.

The peak year for inward investment into the UK was 1990, when 350 projects were started, with the total falling to 332 in 1991. It is thought, however, that the UK is still taking around one-third of all inward investment into the EC.

Announcing details, Baroness Denton, the small firms minister, said the UK was maintaining its position as the preferred investment location for non-EC companies.

More than 3,500 companies and over 200 Japanese manufacturing companies have made capital investments in the UK. The minister said the UK had "stolen a march" on France and Germany.

American and Japanese companies are making around 40 per cent of all EC-based investment in the UK, with the electronics and automotive sectors among the most active.

UK lags in debt payment

By Andrew Jack

BRITISH COMPANIES take significantly longer to pay their debts than their European competitors, says a survey by Intrum Justitia, the continent's largest debt collection company.

Companies are paid on average 53 days after invoicing on domestic debts and 74 days later on exports, compared with average contracts for payment of 29 days and 50 days respectively.

The survey, which questioned 1,782 companies employing 408,000 people, highlights persistent difficulties.

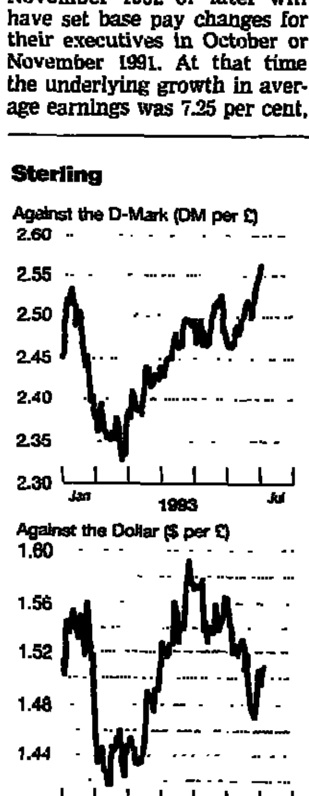
British companies said late payment caused liquidity problems, loss of profit and higher interest costs. Across Europe, payments are made, on average, 15 days late for domestic trade and 16 days late for export trade. That compares with average agreed credit terms of 36 days and 40 days respectively.

Nearly 60 per cent of companies said payment habits had deteriorated in the past year, with greatest difficulties in Germany and Switzerland.

Other countries with longer overdue payment periods include Belgium, the Netherlands, Italy and France. The survey says the worst is the UK, with the lowest level of legislation and no right to interest on overdue amounts. The UK government is considering measures, including disclosure of speed of payment in company annual reports. The EC is also considering a directive on the subject.

Credit terms vary widely, with Italy providing long agreed terms of 60 days on average and France 66 days.

Sterling



Source: Datastream

Healthy pound shows signs of revival

Peter Marsh and Gillain Tett look at the strength of sterling and concerns over UK competitiveness

THE pound is no longer the weakling of nine months ago. But talk of it entering a new upswing against other currencies is probably over-optimistic.

In recent weeks sterling has enjoyed a good run against the D-Mark. Helped by the Bundesbank's cut in interest rates, the pound yesterday touched DM2.56 in its highest level against the currency since last September's devaluation.

Because of a weaker performance against other currencies, notably the dollar and yen, the pound has looked less perky when measured by the Bank of England's trade-weight index.

Its high point yesterday according to this index was 80.7, slightly below its best level this year roughly two months ago, but comfortably up on its historic low of 76.5 registered in February.

The pounds continued rise will almost certainly be restrained because of opposition from UK manufacturers.

Echoing fears that any increase in the pound's value would reduce competitiveness of UK goods and halt export growth, Mr Neil Johnson, director general of the Engineering Employers' Federation says he "views with concern" the drift upwards by sterling.

As a result of such sentiments and acting in concert with the Treasury, the Bank of England has in recent weeks sold sterling both to reduce its value and boost its depleted foreign currency reserves.

Even with these so-called "smoothing" operations by Threadneedle Street, the upwards movement by sterling has been unmistakable. The reasons include:

- Better growth prospects this year for Britain than for most other European countries, which has given its currency a lift.
- Strong buying by Japanese institutional investors many of which, especially given the high recent value of the yen, view the pound as cheap.
- The weakness of the D-Mark, resulting from concern about the fragile state of the German economy and speculation about cuts in German interest rates – duly served up yesterday.
- Heavy purchases in the past month by overseas institutions of gilt-edged securities which, notwithstanding the relative lack of success of this week's big gilts auction, have helped to push up the pound.
- Mr Kenneth Clarke, new the chancellor of the exchequer, has been quick to rule out any imminent cut in interest rates.

As to where sterling is going, many City economists believe it is unlikely to rise above DM2.6 by the end of the summer.

Also the pound may find it hard to sustain its rise yesterday against the dollar, which was sparked mainly by a US report indicating doubts about the strength of US industrial growth.

Sterling was quoted last night in London at $1.5085, up 1½ cents.

In a broader international context Mr George Magnus, economist at S.G Warburg Securities, thinks the weakness of the D-Mark may soon be a thing of the past, given signs that Bonn is thinking seriously about reducing its budget deficit and slightly more optimistic soundings on the German economy in recent weeks.

Any strengthening in the German currency – which was surprisingly resilient yesterday in the light of the Bundesbank's actions – would knock some of the shine off sterling.

Sir Allen Sheppard: 'I like to see people in the trenches. It's better than 1,000 management courses. It's playing the game for real'

GrandMet's life on the streets

A new age in corporate responsibility is dawning, says Michael Cassell

Trevor, kitted out uneasily in the Job Club's communal suit, prepares to leave for an interview. Eviction only hours earlier from the hostel next door for failing to pay his rent means he badly needs work.

Brian Stack, manager of the Centrepoint Job Club, close to London's Vauxhall Bridge, gives Trevor his fare and a quick pep-talk. "He wants to work and, with our help, he will work," Stack insists.

Stack's cramped, spartan premises are a world apart from the stylish, St James' Square headquarters of Grand Metropolitan, the international food, drink and retailing group. But his job club owes its existence to the financial support and manpower provided by a business best known for brands like Smirnoff, Häagen-Dazs and Burger King.

"I asked the employment service how we could help young people arriving in London looking for jobs. They told me, rather unhelpfully, to stop them getting off the coach at Victoria station," adds Stack. Now 90 per cent of his clients – around 40 a week sign on – end up getting a job, usually within five weeks.

Through its ambitious community programme GrandMet is now one of the UK's largest providers of training and job counselling for the unemployed. Last year, more than 20,000 people received help under GrandMet-funded schemes. In one of its newest initiatives, the group is committed in London's East End – in partnership with the Cities in Schools (CIS) organisation and Tower Hamlets council – to help persistent school truants complete their education and prepare for work.

GrandMet has provided manpower, funds and premises to assist the CIS programme and this month will see the opening in London's Docklands of the first UK Burger King Academy for truants, based on an already successful US formula.

Some of the group's landlords, currently joining battle over leases which they claim threaten the very future of the British pub, might sneer at the GrandMet imagery of harmony and co-operation between business and community. But it is the vision which lies behind a global community programme now costing £20m a year and undertaken in partnership with a range of organisations and authorities.

Community involvement for companies is not a new concept but Sir Allen Sheppard, GrandMet chairman and group chief executive, says it now represents a core element of corporate responsibility in what he describes as the new age of consumer-driven capitalism.

"Customers are increasingly looking through the front door of the companies they buy from. If they do not like what they see in terms of social responsibility, community involvement, equality of opportunity, they won't go in."

He recognises that there are plenty of cynics as well as some company executives more driven by public relations than genuine commitment. But he reckons hypocrites are quickly sniffed out, particularly by the voluntary agencies involved in many community activities.

The strategy supporting GrandMet's programme is to give a lead in helping combat the growth of an underclass by promoting the concept of self-help. Howard Chandler, head of GrandMet's worldwide community programmes, says they are aimed at those "not getting a fair shake".

But, he emphasises: "We are not a refuge for the unemployed and unmotivated. We believe in self-development and personal initiative but companies like ours must play a critical role in helping the process along." Integration into the community of those who might otherwise remain excluded is a key objective.

Group community initiatives embrace schemes for inner city regeneration, as well as a range of educational and training projects and sponsorship programmes. There is help for potential school drop-outs, for the young, homeless unemployed and support for a range of charities. GrandMet employees are also encouraged to join volunteering programmes.

Sir Allen says: "It's a big part of career development. I like to see people in the trenches, not stuck in the back office. It's better than 1,000 management courses. It's playing the game for real."

There is no compulsion on staff to participate but the chairman is not unhappy for employees to believe that taking part will do no harm to their career prospects.

Although GrandMet embarked on its community programme a decade ago, it recently realised that its efforts needed reappraisal. Its efforts to fulfil its broader social obligations had to be scrutinised like any other part of the business.

"There was a scatter-gun approach, under which individual businesses pursued as far as possible their own ideas. Initiatives also tended to be reactive, rather than proactive," says Sir Allen.

Now, GrandMet identifies its community action priorities from the centre, agrees the scale of its rolling commitments – it currently allocates between 1.5 and 2 per cent of profits before tax – and continuously monitors what it now regards as a more cohesive strategy.

The group lays heavy emphasis on forward planning for its community work, conscious that anything less than a consistent, longer-term approach could be disastrously counter-productive. Three-year plans are reviewed annually and the core charities it backs – now including the Civic Trust, the British Sports Association for the Disabled, Cities in Schools and Foyer Federation for Youth – can expect help for at least three years.

"It is high risk," warns Sir Allen. "The worst thing you can do is flash a chequebook around, especially as it's not your money. If you go up front and make a big song and dance about helping out and are then forced to retract, your reputation can fall a long way.

"Each time you put up a significant amount of money you have got to agree clear success criteria with your partners and then monitor effectiveness. We can never measure performance as scientifically as other parts of the business but we are building up a great deal of best practice."

Sir Allen is in no doubt that business has no choice but to play a full role in shaping – to quote the prime minister's phrase – "a country at ease with itself". More pointedly, he warns: "Businesses which don't recognise their obligations in this respect face a stark choice – they will either fail rapidly or progressively."

CHRISTOPHER LORENZ

Corporate venturing back in vogue

LIKE a good 1960s pop song, the idea that large companies need an invigorating dose of internal entrepreneurship is forever bouncing back into fashion. Like Elvis Presley's "I Can't Help Falling In Love", which has again hit the charts this summer - sung this time by UB40, a leading pop group - it tends each time to be re-orchestrated, or given a few extra chords.

But unlike most songs, it also usually changes its name. In the 1960s it was christened "venture management". In the late 1970s, to distinguish it from the emergent venture capital craze, it was rechristened "internal corporate venturing". In the mid-1980s it reappeared under the dreadful name of "intrapreneurship". Now it is emerging once more in practice and on paper, sometimes with its old 1970s label, but also under the broader imprint of "new business development".

The reason for its latest revival is that corporate entrepreneurship is becoming more vital than ever before to the survival of large organisations. But it remains damned hard to do – just ask IBM, General Motors or countless others why they have failed to emulate the few brilliant examplars, such as 3M or Hewlett-Packard.

Time and time again, multinationals of all shapes and sizes have launched a "new ventures" drive, only to drop it prematurely a few years later when – surprise, surprise – few if any ventures have yet grown to a size or level of profitability which is significant to the company.

On one notable occasion, the night of Margaret Thatcher's first general election victory in 1979, I attended an enthusiastic gathering of "venture group" managers from two dozen British companies. Three years later almost all the venture groups had been killed off by parent companies impatient for immediate profits and cash savings amid recession.

A fortnight ago I took part in a similarly hopeful meeting of "business development" and strategy managers, but this time at Breda in the Netherlands, with managers from several continental European countries. It was the fifth annual "longest day" on new business and creativity which an enterprising Dutch consultancy has organised around the summer solstice – a sort of corporate version of Britain's Glastonbury music and arts festival.

The event illustrated vividly that the practice of internal venturing has moved on in several important ways since the heady 1960s, and even since the 1980s.

First, interest in venturing is at last ceasing to wax and wane in tandem with companies' faith – or loss of it – in diversification by takeover. The latter is rightly out of fashion, but managers are recognising that new business development has been made more important than ever by the shortening of product life cycles and development times. As one hard-pressed Dutchman said: "We need to create more with less, faster."

Managers are benefiting from the growth in popularity of the concept of 'core competences'

Second, corporate venturers are benefiting from the newly popular concept of "core competences" (or "core capabilities").

This is not at all the same thing as a "core business". Instead, it emphasises a company's unique, competitively relevant, and defensible expertise in such things as technology, production, marketing, distribution, customer service, or alliance management. One example is Honda's competence in engine technology, another 3M's unusually innovative culture, plus its experience in abrasives.

The emphasis on core competences is causing many companies to look again at how they can exploit more effectively what they already know – or "leverage" it, in American parlance – rather than forever chasing after some new hare-brained diversification.

As the Breda conference showed, this is giving "internal venturing" a new lift. It is also stimulating a third new variation: greater selectivity.

Most companies used to take a "casino" approach: they spawned scores of new ventures, covering a wide range of frequently unrelated activities and compentences. They then ran them in parallel, in the hope that the proverbial one in seven or so would be successful after up to 10 years (eight was the popular average).

As a manager from one Belgian company said: "We had 25 projects taking 10 years to be completed. Now we have only a handful and they'll succeed in three or four years – or we'll fail them." Another had 86 projects a year ago, but now has only five. They are larger than before, and are being given far greater resources, so that they have a better chance of rapid take-off and success.

A fourth variation is that many companies are no longer putting all their eggs into one isolated "new ventures division", where they tend to get forgotten or squashed when their top management sponsor moves on.

Which brings us to the fifth and most important variation. Instead of thinking that they can "nurture" ventures in a ghetto in one corner of the company, as conventional wisdom used to suggest, today's venture managers realise they will not get far unless the corporate culture of the whole enterprise around them can be made much more innovative.

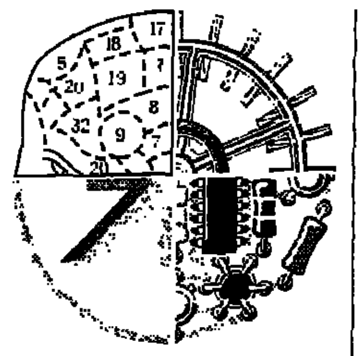
Of the 30 participants at Breda, no fewer than 19 voted "management mindset" or "conflict with the corporate elephant" as the prime challenge to their new business efforts.

This frustration now needs to be harnessed in helping large companies see the urgent need not merely to raise their productivity through "re-engineering" and other measures, but also to unleash the internal entrepreneurship which is essential if they are to create new businesses, and thereby regenerate themselves.

For many companies it may, in the words of another Presley song due for revival, be a case of "It's Now Or Never".

TECHNOLOGY

Worth Watching · Della Bradshaw



Annual reports put on disk

Manipulating companies' financial data on a personal *computer has* become an everyday part of an investor's life, writes Paul Abrahams. But getting the information from the annual *reports into the PC is laborious* and the chances of making a mistake are considerable.

SmithKline Beecham, the *healthcare group, has linked up* with a London-based software house, AND Technology, to tackle the problem.

At the back of SmithKline Beecham's report and accounts this year is a small plastic wallet with a diskette, containing the *group's financial data going back* five years.

The data can be accessed using the software provided or can be downloaded to spreadsheets such as Lotus 123. AND: UK, 081 673 5330.

Health and safety in one package

For those companies that have *still to come to terms with the* European health and safety regulations, Bristol-based EPP has developed software which integrates an evaluation procedure and training system in a single package.

Developed by a group of ergonomists, Opera (office performance evaluation and rating aid) also incorporates a series of checklists to help employers purchase equipment which complies with the regulations.

Opera is continually updated as the EC rules change. EPP: UK, 0272 425093.

A clear line to profit

Publicity surrounding sex chat lines gave premium rate phone services a bad name. But according to research carried out by the London-based Eurodata foundation, premium rate *services are increasingly seen* as an acceptable way of getting business and leisure information.

Interviews with 1,400 phone users in 12 countries showed consumers were most likely to use premium services in the Netherlands. There 38 per cent of business people surveyed and 31 per cent of consumers had used a premium rate service.

Overall, The Eurodata Premium Rate Services Report concludes that the European market for such services will grow from $1bn (£600m) in 1992 to more than $2bn in 1995. Eurodata: UK, 071 629 0774.

Winning the war on refrigerator CFCs

Domestic appliance manufacturer Whirlpool has beaten other US manufacturers in the $30m winner-take-all competition to try to develop and produce chlorofluorocarbon-free super-efficient refrigerators.

The prize money will help keep down the cost to the consumer of the new refrigerators when they are marketed in the US from next year.

Whirlpool fought the use of CFCs on two fronts. First, the ozone-depleting coolant has been replaced by HFC-134a; second, *the chemical used to expand the* foam insulation is to be replaced by HCFC-141b. This contains some CFCs, but will be replaced once a *suitable alternative has* been found. Whirlpool: US, 616 923 5000.

The perfect bath every time

A battery-powered automatic bath filler has won 14-year-old Leo Currie, from Glasgow, first prize in the Duracell Science and Technology Schools Competition.

The gadget comprises four hoses – two to fit on the taps and two to carry the water into the bath – joined by a black box. An attached sensor is positioned down the side of the bath to indicate the height to which the bath should be filled, while a heat sensor in the box is programmed to ensure the water is at the correct temperature. Duracell: UK, 0293 517527.

John Griffiths on a way of making car production more efficient by spotting design flaws earlier

Hologram on wheels

Even from 15 feet away, Clive Buckberry's song was deeply moving to the five-litre can of oil he was serenading. Every surface quivered violently in response.

Buckberry is a research engineer at Rover Group's Gaydon test centre in Warwickshire. He was demonstrating, via what has come to be known around the Gaydon lab as the "karaoke can", some of the capabilities of a television holography system developed by Rover's applied optics laboratory.

The screen's depiction of materials, showing a vastly greater response to even the slightest pressure than many an engineer might suspect, is a spectacular side-effect of the equipment's underlying purpose.

Rover is using it to design, develop and produce its cars more quickly and efficiently. For example, the system can determine the exact points on car bodies where drumming and vibrations originate in response to inputs such as road surface irregularities, wind pressure and engine and gearbox shaft rotation.

The normal industry practice is to apply large areas of sound-deadening panel to damp overall noise levels. The holography system, say Gaydon scientists, allows the identification of "culprit" areas, which may be little more than an inch square, and promises significant weight savings in present and future models.

The system's potential applications cover almost every aspect of a car's engineering. One of the most telling illustrations of the system's capabilities is provided by the action of bolting a cylinder head to the engine block. A video camera, when aimed up the cylinder bore towards the combustion chamber, *relays to the screen pictures showing* spectacular distortion of the combustion chamber and its environs as the bolts are tightened.

The real physical distortion is magnified on the screen many times. But it shows that, in this particular engine, normal tightening is causing sufficient distortion for valves to be unseated by up to four thousandths of an inch – enough to prevent it ever sealing itself properly into the head.

The initial reference image and subsequent ones showing the distortion are converted by the system's image processing software into a variety of optical data, from colour-coded contour "maps" to rotatable "wireframe" structures.

Data from such tests and observations have already begun to play a substantial role in designing future engines as free as possible of such vulnerability to assembly distortions. The system has already been used to:

The system's potential applications cover almost every aspect of a car's engineering

- Help design the most efficient water flow in engine cylinder heads for optimum cooling without distortion;
- Locate exactly where on the engine a *combustion knock sensor* should be placed to pick up early warning of the potentially damaging combustion problem;
- Redesign turbocharger impellers to eliminate high-speed "whistle" and vibration;
- Analyse fuel/air mixture dynamics for optimum combustion;
- Track the vibration of light bulb filaments, with a view to increasing durability and light emission.

Holography has been used, on a more limited basis, for this type of work for some years. But until now, says Buckberry, it has involved taking a sequence of still holographs, developing each one separately, and then comparing them with a "reference" hologram taken before forces were applied.

But the "contour lines" of stress variation can be as little as two *thousandths* of a millimetre apart, so keeping the subject stable enough to register such minute variation was difficult.

Working with Loughborough University, Gaydon's technologists hit on the idea of substituting the stills with a video camera capable of recording *distortions being caused* in the subject material continuously, and in "real time".

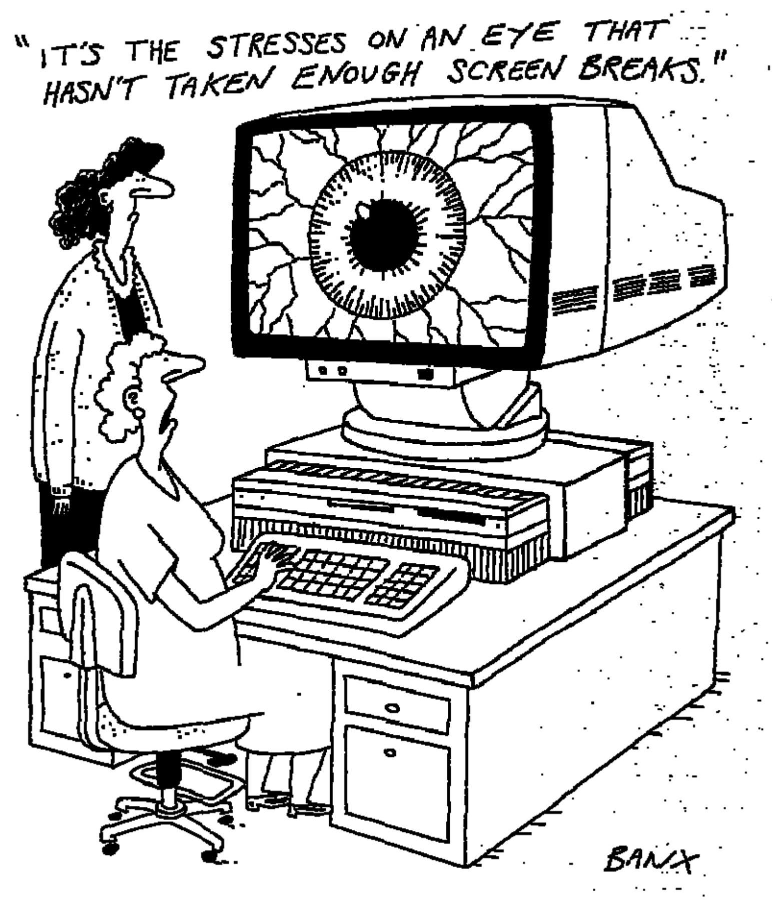
In the "holovision" camera, designed at Gaydon, the normal optical components of a video camera are replaced by a fibre-optic system coupled to the laser needed to "read" the subject material's surface holographically. The camera is connected by another fibre-optic *"umbilical cord", carrying* all control and monitoring signals, to two state-of-the-art image data processing boards.

One board monitors the operation of the camera, collects the data generated and analyses it. The other controls the operation of the camera. *The images are stored by the* image-processing system at a rate of 25 per second, as well as being relayed through the colour monitor for the benefit of observers.

In the 1980s Gaydon, which occupies nearly 1,000 acres of Warwick*shire and includes a high-speed test* track, was changed from an entirely in-house research and technology centre to a stand-alone profit centre *charged with seeking consultancy* business from outside customers.

After the British Aerospace takeover Gaydon again became a mainly in-house research and development arm.

However, Gaydon remains free to *sell some technology outside when considered appropriate and not prej*udicial to Rover's own interests. The company has already sold two of the Holovision systems – to Ford.



Sega and W Industries become 'virtual' partners

Sega Enterprises of Japan, the world leader in coin-operated arcade entertainment, is going into partnership with W Industries of the UK to develop a new generation of games featuring "virtual reality", or advanced computer simulation.

The UK company has become a Sega technology partner along with Martin Marietta of the US, a leading electronics supplier and specialist in simulation and training systems.

It will work with Sega on the development of a new arcade game to be launched in early 1994. No details of the new game are being released. The deal is worth £3.5m over two years to W Industries, followed by a further £1.3m a year in licensing fees. W Industries has a letter of intent from Sega for further games research.

According to Jon Waldern, W Industries chief executive, Sega chose to use the British company's virtual reality system over its own and that of leading US virtual reality suppliers.

W Industries, now six years old, is *the UK's leading exponent of virtual reality for entertainment.* It specialises in "immersive" virtual reality in which players wear video helmets and sensory gloves to enter an imaginary electronic world. It has recently won an industry award for "Legend Quest" a dungeons and dragons game installed in the Tower Pageant at the Tower of London. *For four players, the game* involves a search for treasure through a maze of rooms. Wearing helmets which transmit three-*dimensional images of the rooms,* the players co-operate in the quest. They "see" each other as the fictional characters they play.

*Sega, a leader in computer graph*ics for entertainment, bucked the trend among Japanese electronics *companies this year, returning tax*able profits of Y55,000bn (£342m), up 64 per cent on the previous year.

Developments of the kind Sega and *W Industries are pioneering are* changing the image of games arcades from haunts of bored teenagers to family entertainment cen*tres. Worth some $9bn (£6bn) a year* worldwide, the electronic arcade business is growing at 18 per cent annually.

UK companies including W Industries and Division are among the world leaders in virtual reality.

Alan Cane

PEOPLE

Compass swings towards Europe

In an unusual move, health care and catering company Compass Group has hired a non-executive director, Austrian-born Fritz Ternofsky (right), as a full-time board member.

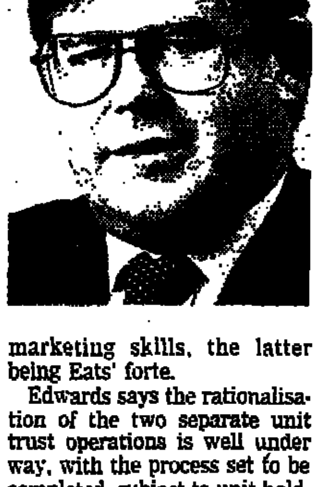
Chief executive Francis Mackay, who quips that the typical non-executive is there "to create maximum embarrassment with the least amount of effort", agrees that it is usually difficult to judge the true ability of a part-time director.

However, he had been impressed by Ternofsky's knowledge of branded retail catering, and by his input into Compass's strategy review over the past eighteen months. "It also helps in terms of perception – we instantly become a more European company."

Last month, Compass acquired the airport restaurant and contract catering business of SAS Service Partner, and Ternofsky will be responsible for developing that operation. His native tongue will also come in handy in Germany where Compass is interested in building on the two hospital contracts that came as part of the SAS deal, as well as searching out other suitable acquisitions in contract, airport, and station catering.

Ternofsky, 49, has worked in Britain since 1964. In his last job he worked for Canadian company Scott's Hospitality as managing director and chief executive officer of its European business, which included UK Marriott Hotels and Perfect Pizza outlets.

Eats at Henderson



Dick Eats (right), who resigned as managing director of GT Unit Managers a year ago, has resurfaced at a similar job at its bigger rival Henderson Administration. He joins next week as managing director of the unit trust company, reporting to Paul Manduca, who is chairman of the retail division and deputy managing director of the group.

Following Henderson's acquisition of Touche Remnant, group managing director Jeremy Edwards says he had had Graham Kane, from the Touche side, in mind for the job but the latter left for Morgan Grenfell. The group had earlier lost Henderson's Robin Berrill.

Eats, 47, has gathered some twenty years' experience in the unit trust industry. He joined GT in 1985, initially as marketing director. Former GT colleagues say his departure was hastened because the requirements of the job had changed; the group perceived a need for someone with sales as well as marketing skills, the latter being Eats' forte.

Edwards says the rationalisation of the two separate unit trust operations is well under way, with the process set to be completed, subject to unit holders' approval, by mid September, so that Eats' chief task will be "to market these funds to a broad audience".

Chamberlain's guide

Geoffrey Chamberlain (right), formerly chairman of the London Traded Options market before its merger with Liffe, London's successful futures market, is pursuing his aim of bringing stock options to the UK private investor through other channels.

Yesterday, he launched a bi-weekly guide called The Option Trader, which seeks to persuade private investors of the "exciting and potentially rewarding opportunities offered by the medium of traded options". The magazine includes analysis, recommendations and a back-to-basics educational section.

Under the same parent company, Financial Publications, Chamberlain also runs a retail client broking firm, Durlacher & Co., formed in January 1992 by the merger of two existing companies. His publishing company, Throgmorton Press, plans to launch further publications, or to buy existing subscription-based magazines aimed at the retail market.

Public posts

- **Roy Baker**, md of WPS International, has been appointed national chairman of the BRITISH INTERNATIONAL FREIGHT ASSOCIATION.
- **David Oldham**, northern Europe md of Norgren Martonair, has been elected president of the BRITISH FLUID POWER ASSOCIATION.
- **David Goldsworthy** has taken over as president of the NATIONAL ASSOCIATION OF ESTATE AGENTS.
- **Michael Armstrong** has been elected chairman of the INDUSTRY COUNCIL FOR PACKAGING AND THE ENVIRONMENT.
- **Howard Colliver** has been elected chairman of the AUTOMATIC VENDING ASSOCIATION OF BRITAIN.
- **Dudley Dolan**, chairman and md of Dolan Plant Sales, is chairman of the FEDERATION OF CONSTRUCTION EQUIPMENT DISTRIBUTORS.

Bullock goes Nuclear

John Bullock, joint senior partner of Cooper and Lybrand UK until his retirement last year, has become a non-executive director of Nuclear Electric. Bullock is currently a non-executive director of Kingfisher and is on the board of the UK Atomic Energy Authority. He fills the vacancy left by Fred Bonner, who retired from Nuclear Electric at the end of March.

Ginarlis at CSC Index

John Ginarlis, a stock analyst and consultant in the banking and insurance industries, has become an associate at CSC Index, the international management consultancy. Dr Ginarlis will work within CSC Index's financial services consulting business in Europe. He was previously with the financial services practice at PA Consulting Group.

Walter joins Scapa Group

Derek Walter, 45, has been appointed finance director-designate of Scapa Group, which supplies industrial textiles and services to the paper industry.

He will take over in October when David Dunn, 48, finance director since 1987, becomes group managing director. Dunn is *stepping up to replace* chief executive Harry Tuley, 59, who becomes executive chairman in succession to Bill Goodall, who is retiring.

Walter was most recently finance director of Steetley, before its takeover last year by Redland, a rival building materials group. He had previously held senior finance positions with BET and Lex Service, *after qualifying* as a chartered accountant with KPMG Peat Marwick in London.

ARTS

A weird variety

Lynn MacRitchie on why the BT New Contemporaries show is loaded with references

The public reaction to the work of young artists can provide a measure of our response to the complex and difficult universe of modern art. Perhaps because their work is by definition "unknown", its display can give licence to express an underlying anxiety about the contemporary art world, that perplexing place where constant contradictions reduce even sophisticated and erudite commentators to occasional bursts of bile and which nevertheless these novitiates still choose to enter. Their work bears the burden of our own anxiety, wary consumers, faced with a new and unknown product. For just as the artists must make their offerings naked, without benefit of history, so the viewers must make their judgments likewise, without the comforting cloak of consensus.

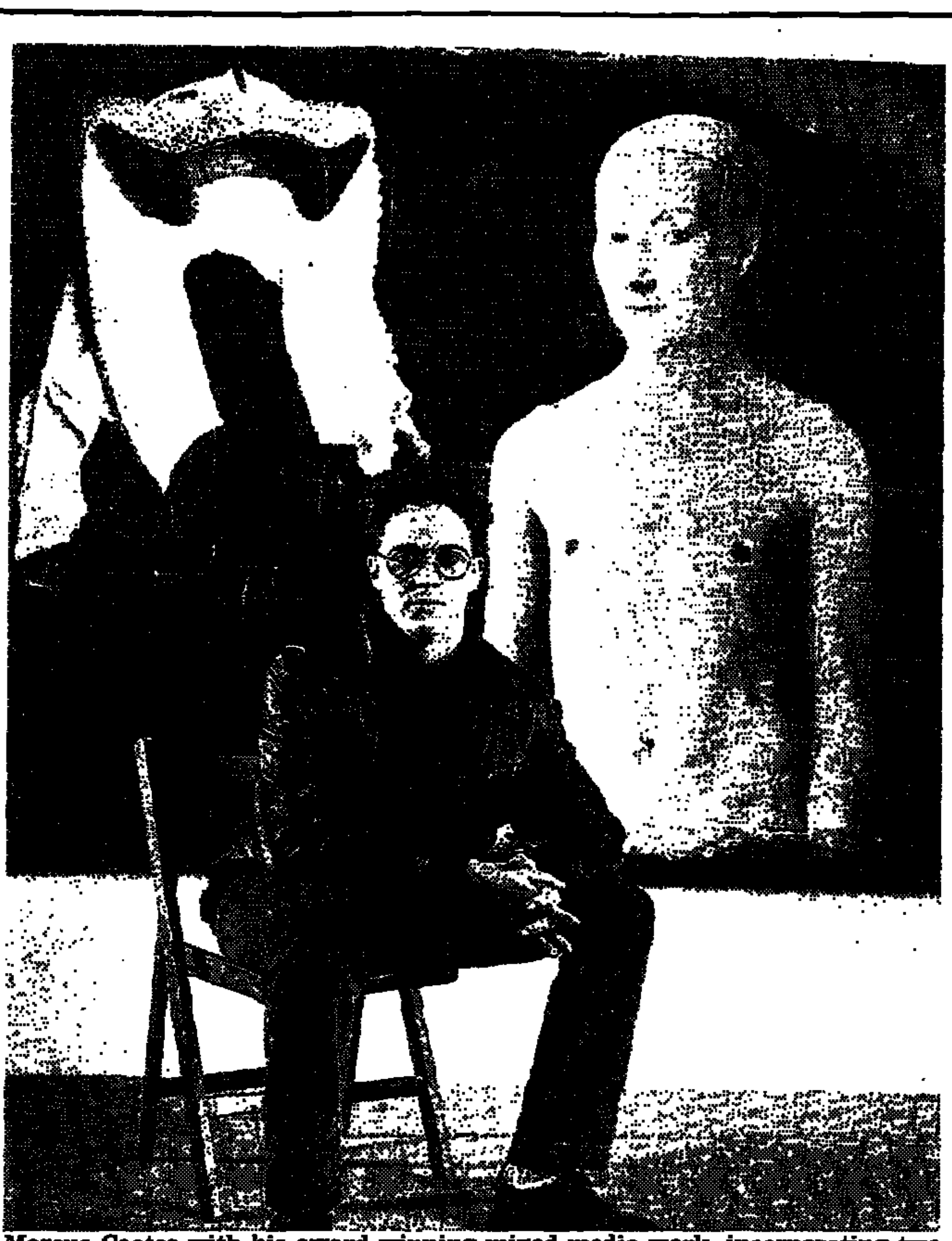
With this in mind, a hostile response to the *BT New Contemporaries* exhibition, which began a national tour in Manchester last week, is not in itself surprising, but it raises questions about our expectations of artists, and the myths about their genesis, which are worthy of consideration. The show was chosen by professionals, two artists, Caroline Russell and Willie Doherty, and the critic Stuart Morgan, and has a "look", a homogeneity which suggests not so much a similarity of original offerings but the inevitable consensus reached in hammering out a final selection of 27 exhibitors from an open slide submission which attracted more than 1,000 entries. For all the works, however different in form, are couched in the common language of these difficult times, a language in which no object or offering is innocent, but comes loaded with references both to history and the cultural stew of the present.

Thus "The Hooded Pitohui (Shit Painting 2)" by Chris Ofili, combines his remaking of Australian Aboriginal paintings with abstraction and the irony of Piero Manzoni, as well as demonstrating considerable painterly panache. Another gifted painter is Laura Daly, whose large abstracts feature multicoloured dashes of paint arranged in vertical columns on single coloured backgrounds, evoking Jackson Pollock and Ian Davenport, an old master and a young pro, in a teasing mixture. The references of some of the other works are more elusive. Objects, whether found or created, are used to convey resonance, although their meaning may never be quite clear. The fat white candle lying on the floor with a leather belt round its middle by Andrew Bannister entitled "Fuse" plays with sexuality as dynamite, while his "Cell," a wall panel made of white ceramic tiles with an inset photograph of a room, empty but for a white draped bed, suggests isolation and menace.

As well as this reliance on the inherent mysteriousness of objects to lend substance where content remains obscure, the exhibitors also demonstrate a need for drama. Edwin David in "Towards a Museum of Misreading" assembles a shotgun, a plinth, a reproduction of Rossetti's "Rape of Proserpine", a quote from Freud, a chair, a pomegranate and a pile of broken glass to suggest a museum incident of unknown significance. Edward Harper goes for it more directly, arranging some green struts, floorboards and a silver salver on the gallery floor to impersonate Manet's "The Balcony." Those spurious philosophers of our time, the serial killers, also make a guest appearance. "Handshake with Nilsen, Using Projector, Draws Olympia to the Phone" by Thomas Sharpe combines a shaky drawing of the famous murderer of young men with the image of "Twin Peaks" star Sherilyn Fenn cut into flesh coloured PVC dotted with plastic toy noses, an array of references bedazzling in its lunatic range.

Why such weird variety? Why should a mass murderer be as inspiring as a great painter? It is simple, really. Not for a century or so have visual artists typically served apprenticeships in a master's studio, learning to paint or sculpt while assisting in the manufacture of commissions. The "apprenticeship" of an art student today is likely to be a more lonely journey, often conducted in a makeshift "space" staked out within the rooms of an institution the nature and even name of which may have undergone several changes during the student's time of attendance. With few immediate fixed parameters, a young artist's boundaries, the things against which skill and understanding must be tested, inevitably stretch both infinitely outwards across the ocean of mass media culture which engulfs us all, and deep within, with intuition alone guiding the choice of subject and material.

The mixed media panels by Marcus Coates offer a touching image of the complexity of allusion and aspiration which may result from a position at once so knowledgeable and so vulnerable. He has taken details of two paintings of women by Jan Van Eyck and blown them up photographically, separating head-dress from head and head from body. The delicate features thus unadorned gaze out from above his own naked torso, substituted for the original sumptuously costumed body. His skill has allowed this young artist to enter history, paraphrasing the masterpiece in the questioning technology of our times.



Marcus Coates with his award winning mixed media work, incorporating two women by Jan Van Eyck and his own torso

***BT New Contemporaries*, Cornerhouse, Manchester, until 1 August. Cornerhouse, 70, Oxford Street, Manchester, M1 5NH. Tel 061 228 7621. Touring to Derry, Sheffield, Stoke on Trent and Glasgow**

Theatre/**Malcolm Rutherford**

Oleanna

The advance publicity was misleading; David Mamet's *Oleanna* is a much more subtle, cerebral play than you may have been encouraged to believe.

To dispense with the title first: Oleanna is simply the name of an American folk song (Olé Anna), played once as the piece opens and never again. Then we get down to business. The subject is not primarily sexual harassment, though that helps to make the play topical and talked about. Nor is *Oleanna* even necessarily about male-female relationships, though again that provides an added thrust.

Mamet's work is much more about the current pursuit of political correctness in American universities. Yet even that is an inadequate description. The real subject is witch-hunting or McCarthyism, whether from the left or the right. That has a long history in American politics, and indeed in the American theatre.

To make the point starkly: *Oleanna* might be an even more interesting and provocative play than it is if the professor were played by a woman and the female student who accuses him of sexual harassment and élitism were played by a man. There is very little evidence in Harold Pinter's production at the Royal Court that sexual harassment takes place: perhaps a scintilla of doubt to make it teasing, not much more.

The basic struggle is between liberals and illiberals. The clash between the sexes may add to the box office (and who in the theatre can quarrel with that?), but gender is immaterial to the argument. Carol, the protesting student in *Oleanna* could just as well be black, rich, Hispanic, Asian, male or any such combination. The same goes for the professor, John. The difference between the two of them is that the professor believes that words have a definable meaning while the student resorts to a group movement that prefers slogans.

In the process Carol picks up language first used by the professor, though without the understanding. At the start she queries him for using long latinate words where shorter ones might do. By the end, to the professor's ironic amusement, she is doing the same thing herself, but cannot see the distinction between what the professor calls an accusation and what she calls a fact. If the committee of the student body on the campus says it is a fact, a fact it must be, however monstrous the distortion. The students' organisation apes the authority that runs the university.

There is a similar transition in the resort to the law. At the beginning, the professor is calling a lawyer to supervise the purchase of a new house. In the devastating second act, it is the student who calls the law to allege rape. Someone, incidentally, should write a thesis on the use of the telephone in contemporary theatre: it must have cost thousands of actors' jobs as there is no need to pay an unheard voice.

This is a marvellous play that could only have been written by someone with a deep understanding of linguistics. But it is more than word play. *Oleanna* contains a serious discourse on the value of higher education. Is it a right owed to every student, whether they are capable of appreciating it or not? Does more perhaps mean worse? Sir Kingsley Amis would love it, and there is just a touch in *Oleanna* of a debt to *Lucky Jim*.

Mamet writes like an educated angel: terse, taut and to the point. Not a word in this quietly spoken production is redundant. It is ideal material for Pinter to direct: always disturbing, frequently menacing, but only at the end breaking into violence. Pinter's control is immaculate.

There is a controversy about the conclusion, of which more than one version exists. The Royal Court has gone, with Mamet's agreement, for his original text which ends with the professor grovelling to political correctness rather than the more brutal finale in the script published by Methuen and played in New York. I do not think that it makes a huge difference either way. By then you can draw your own conclusions from a totally adult play, a tribute I normally reserve for Harley Granville Barker who also performed at the Court.

The professor is played by David Suchet, the student by Lia Williams. Suchet catches to perfection that pedagogic, sometimes seemingly patronising manner of a man trying to be rational against the odds, struggling to find words for things that cannot be said because even language is imperfect as a means of communication. Ms Williams is quiet and fumbling to start with, as the part demands. She becomes a fury, the essence of a semi-educated sub-culture taking over. In this role she deserves a congratulatory first.

Royal Court Theatre. (071) 730 1745

Alastair Muir

Lia Williams and David Suchet

Concert/**David Murray**

Cherubini's Beethoven

Not old Cherubini the Franco-Italian opera composer, but the young(ish), all-German Cherubini Quartet, who are delivering the complete "cycle" of Beethoven quartets at the Wigmore Hall. Though they have not yet recorded anything by their eponym, their recent recording of all Mendelssohn's quartets has excited admiration and delight.

On Wednesday, during the first three numbers of Beethoven's opus 18, one could hear what excellent Mendelssohn interpreters they must be. About their Beethoven I was less persuaded. Since they are not merely born-again Mendelssohnians but highly cultivated performers, they offered many passing rewards and suave insights; transparent balance too, unimpeachable tempi, a cool, intellectual grasp of structure – and even some calculatedly playful moments. Yet there was never much muscle, despite their incisive *fortissimo* playing, nor much sign of young Beethoven's truculent thrust.

Their leader, Christoph Poppen, is a violinist with a soft, sensitive timbre of no great amplitude. In the romantic drama of the "Adagio affetuoso ed appassionata" of the F major quartet, for example, while the lower strings grew properly forceful and doomy his own song – which should carry warmly over it all – remained gentle and wan. In the G major, where Beethoven plays at being gracious whilst emitting constant hints of something more rumbustious, graciousness was all.

More typical of their best strengths was their *subito diminuendo*, an artful drop into keen whispers, which they exploited often; also their delicate, knowing indentation of musical paragraphs, accomplished with unanimous fluency. Finesse of that kind is ideal for Mendelssohn, a precociously conservative composer who never needed to advertise himself, whose radical turns were always disguised by perfect polish. The Beethoven of the opus 18 quartets, however, was determined to show not only how well he had mastered the arch-Classical medium, after Haydn and Mozart, but how much unfamiliar, unsettling power he could invest in it.

That was scarcely to be felt here. At the Cherubini's hands, the young Turk was made to sound like a serenely assured old pro. Far from aiming to recapture the original force of the music, they dressed it reverently in period costume. It should be interesting, at least, to hear how they adapt their pretty style to the towering last quartets which come at the end of their cycle on July 7, 9 and 10.

New York Balanchine bonanza

David Vaughan attends the final gala performance

New York City Ballet's Balanchine Celebration, about which Clement Crisp wrote in its early stages, came to a triumphant end on Sunday with a gala performance that began at 4 in the afternoon and lasted until 10.30 in the evening, with intermissions when cocktails and zakouski (Russian hors d'oeuvres) or American dessert (brownies and carrot cake) were served, and a longer break when you could get a box supper prepared according to Balanchine's own recipes.

As for the dancing, the programme reprised the chronological format of the season as a whole, but with an international flavour to illustrate the fact that Balanchine generously gave his ballets to companies all over the world. Guest artists from the Kirov, the Paris Opéra, the Royal Ballet, American Ballet Theatre, Dance Theatre of Harlem, San Francisco Ballet, and Pacific Northwest Ballet (Seattle) appeared alongside City Ballet dancers.

Thus, there was a multinational *Apollo* with the Danish/American Nilas Martins and Zhanna Ayupova (Kirov), Patricia Barker (Seattle) and Isabelle Guérin (Paris) as his muses. The sensation of the evening was Darcy Bussell in the pas de deux from *Agon* (with Lindsay Fischer), proving that she is a born Balanchine dancer. In *Who Cares?* Viviana Durante danced "The Man I Love" with Robert LaFosse and Elizabeth Loscavio (San Francisco) spun vertiginously through "My One and Only." At the end dancers and audience joined in a vodka toast to Mr B. The waiter with the drinks for Peter Martins, Lincoln Kirstein and Jerome Robbins was none other than Mikhail Baryshnikov.

As Clement Crisp indicated, the heroines of this extraordinary marathon were Kyra Nichols and Darci Kistler, to whom I would add Nichol Hlinka, who gave a delicious account of *Donizetti Variations* with Nikolaj Haabbe, the company's latest Danish recruit and of Columbine in *Harlequinade*, opposite a mercurial Damian Woetzel, and, with Peter Boal, realised all the tragic poetry of the *Divertimento* from *"Le Baiser de la fée"*. It must be added that some ballets were sadly undercast, most conspicuously when Nilas Martins, the son of Peter Martins, ballet master in chief, attempted roles like Orpheus and Apollo.

There is a dwindling number of dancers in the principal ranks who knew Balanchine. The next generation will come from the School of American Ballet, whose senior students also danced a selection of Balanchine excerpts in this year's "Workshop" performances, as well as one complete ballet, *Symphonie Concertante*, in acknowledgment of the fact that it was originally made for the school, in 1945. Nearly 50 years later, the very promising Rachel Rutherford and Tara Keim danced the leading roles. Rutherford, partnered by the elegant Peter Hansen, was also ravishing in "Tales from the Vienna Woods" from *Vienna Waltzes*.

*

Symphonie Concertante was also in the repertory of American Ballet Theatre this year at the Metropolitan Opera House. Kevin McKenzie, the highly respected dancer who has taken over the artistic direction, announced before the season that he intended to take the company back to its old policy of emphasising the "theatre" aspect of the company's title. No brand-new works were given, but the company took into its repertory Kenneth MacMillan's *Manon* and Christian Holder's *Les Liaisons dangéreuses*. Concerning the latter, I can only echo Clement Crisp's remark about Glen Tetley's *La Ronde*: "it lasts – was that all? – 50 minutes." *Manon* is probably the best of MacMillan's full-length ballets, certainly the one most accessible to companies other than the Royal Ballet. Alessandra Ferri and Cynthia Harvey have both danced the title role there, and are thoroughly at home in it. Ferri was partnered by Julio Bocca, not the subtlest of dance actors. But the supporting company, led by such artists as Gil Boggs and Robert Wallace (who both danced Lescaut), Kathleen Moore, Victor Barbee, and Ethan Brown, showed that they can form an acting ensemble worthy of comparison with the Royal Ballet itself.

The revival of David Blair's production of *Swan Lake* looked rather dated, but it is at least a straightforward rendering of the traditional choreography. Nina Ananiashvili and Bocca gave it the old fashioned star treatment, neither to their own nor to the ballet's advantage. Otherwise, it was the ballets with the highest dance values that came off best, notably Ashton's *Symphonic Variations* and Mark Morris's *Drink to me only with thine eyes*.

Another Mark Morris work was seen in the brief season at the City Center of Les Grands Ballets Canadiens: *Paukenschlag*, to Haydn's Symphony No.94 (the "Surprise"). Morris is sometimes criticised for being *too* close to the music, but what he does in a ballet like this is wittily and inventively to clarify the music's structure.

Morris has been busily turning out new pieces for his own company, which will be seen later in the summer at Edinburgh.

INTERNATIONAL ARTS GUIDE

The *summer music* season at New York's Lincoln Center gets under way in earnest next week *with the opening of the 1993* Mostly Mozart Festival, directed by Gerard Schwarz. The soloists *in the opening two concerts* are June Anderson, Joshua Bell and André Watts.
The *following eight weeks of* concerts feature many of the world's distinguished Mozartians, including Christian Zacharias, Alicia de Larrocha, Pinchas Zukerman, Imogen Cooper and Cecilia Bartoli. As the title of the festival suggests, programmes focus on the music of Mozart, but not exclusively so: among the more unusual events this year is a performance on Aug 9 of Marc-Antoine Charpentier's Actéon by William Christie and Les Arts Florissants. Most weeks include two orchestral programmes (Tues/Wed, Fri/Sat), with chamber music on Mon and Thurs. On some evenings there are pre-concert recitals (875 5030)
New York City Opera's 50th anniversary season opens on July 28 at State Theater. Alongside the popular Puccini, *Mozart and Bizet repertory*, the company will stage the New York premiere of Tippett's The Midsummer Marriage (first night Sep 9), staged by Francesca Zambello and conducted by Christopher Keene. There will also be a week of world premieres in early October, featuring Ezra Laderman's Marilyn (based on the life of Marilyn Monroe), Lukas Foss' Griffelkin (based on Grimm's fairy tale) and Hugo Weisgall's Esther, based on the biblical heroine. The final new production will be Rodgers and Hammerstein's Cinderella - originally written for television, premiered in 1957 with Julie Andrews, and due to receive its New York stage premiere on Nov 9 (870 5570)

■ EXHIBITIONS GUIDE

BALTIMORE
Museum of Art Classical Taste in America 1800-1840: 250 exhibits, *including* paintings, sculpture, furniture, silver, ceramics, glass and textiles, showing the attraction *which* early Americans felt to the classical style. Ends Sep 26. Also Romare Bearden: 100 prints by *the African* American artist. Ends Aug 15. Closed Mon and Tues
BARCELONA
***Fundacio* Joan Miro** Joan Miro: large-scale centenary exhibition. Ends Aug 30. Closed Mon
COLOGNE
Wallraf-Richartz-Museum
Highlights of the Baroque: a survey of French and Italian painting from the late 16th to 18th centuries, all on loan from French public collections, including works by Veronese, Bordone, Vouet and many others. Ends Aug 22. Closed on Monday
Josef-Haubrich-Kunsthalle Anton Räderscheidt (1892-1970): retrospective of the Cologne painter who fell foul of the Nazis, showing the development from *his* constructivist and expressionist early phase towards his mature style *which came to be known as* magic realism. Ends Aug 29. Daily

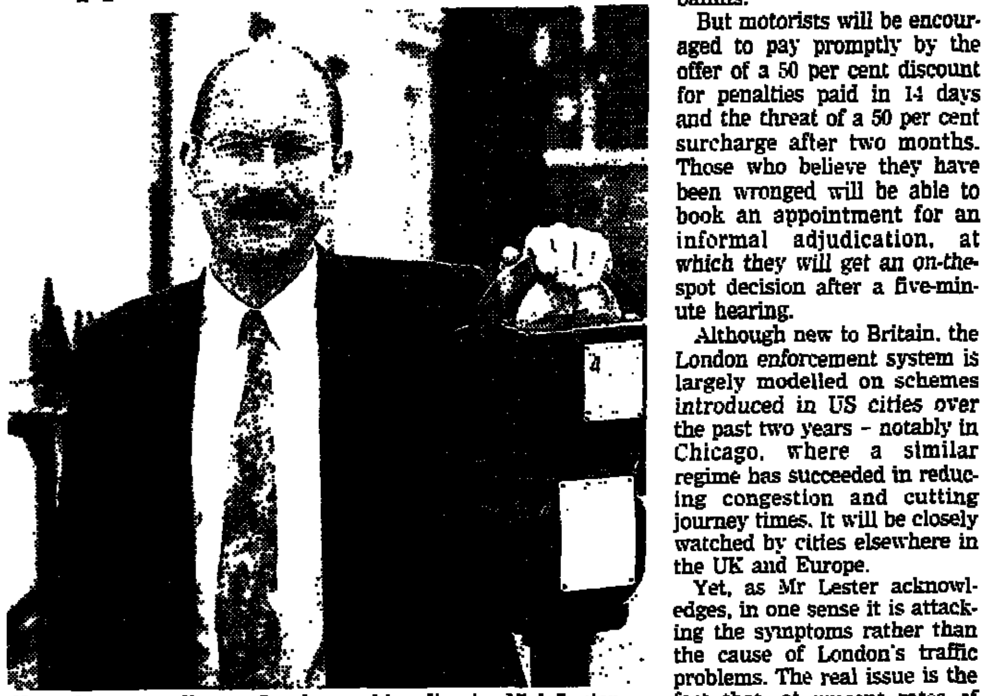
DIJON
Musee des Beaux-Arts The Golden Age of Dutch and Flemish *Paintings: a selection from* Catherine the Great's collections in the St Petersburg Hermitage. Ends Sep 27. *Closed Tues* (Palais des Ducs de Bourgogne)
GLASGOW
Hunterian Art Gallery Charles Rennie Mackintosh, Master of Design: drawn entirely from Glasgow University's renowned Mackintosh collection, some 50 works illustrate his remarkable versatility, including designs for clocks, doors, tombstones and textiles. Ends Aug 28. Closed Sun
HAMBURG
Kunsthalle Picasso After Guernica: 90 paintings, 60 drawings and ten sculptures, representing his later work, with a special focus on the 1950s. Ends Aug 29. Closed Mon

LONDON
Royal Academy of Arts Pissarro's Series Paintings: 60 paintings by *the father figure of the* Impressionists, focusing on his urban landscapes in Paris, Rouen, Le Havre and Dieppe. The exhibition shows how Pissarro recorded the same scenes under changing light and weather conditions, while observing the constant flux of city life. Ends Oct 10. Daily
Tate Gallery Art and Liberation: painting and scultpure in postwar Paris 1945-55. Ends Sep 5. Daily
National Gallery *18th and 19th* century paintings and drawings from Lille. Ends July 11. Also ten *Velazquez paintings from* Aspley House. Daily
Accademia Italiana Italian Art *Treasures, including* works by Guercino, Domenichino and Caracci. Ends July 25. Daily
Courtauld Institute Thomas Gambier Parry as Artist and Collector: 14th and 15th Italian *paintings collected by the 19th* century painter, whose watercolours are also represented. Ends Sep 1. *Daily*
MADRID
Museo Nacional de Antropologia *Japanese Calligraphy. Painters of* the Magreb. Both exhibitions end on July 31.
NEW YORK
Guggenheim Museum Paul Klee: 60 works from the museum's own collection. Ends Sep *19*. Also Rebecca Horn: first full-scale retrospective of the German artist. Ends Oct 1. The SoHo site has Singular Dimensions in Painting: minimalist works from the 1960s *and 70s by Ellsworth Kelly, Agnes* Martin, Robert Ryman and others. Ends Aug 22. The main museum *is closed on Thurs*, the SoHo site on Tues
Metropolitan Museum of Art Drawings from the Getty Museum: 120 works by Titian, Raphael, David, Rembrandt and many others. Ends Aug 8. Abstract *Expressionism*: works on paper 1938-67 by American artists. Ends Sep 12. Closed Mon
Museum of Modern Art *Latin* American Artists of the 20th century: 300 works by 90 artists *from 1914 to the present.* Ends Sep 7. Closed Wed
Brooklyn Museum 20th century *drawings*: 90 works from the permanent collection. Ends Sep 19. Louise Bourgeois: eleven works by the artist selected to represent the US at the 1993 Venice Biennale. Ends Oct 3. Closed Mon and Tues
PARIS
Louvre Copier-Créer: from Turner to Picasso, 300 works showing *how artists* copied the great masters. Ends July 26. Closed Tues
Le Louvre des Antiquaires The *Shine of Pewter: 300 jugs, plates* and dishes recreating 16-18th century table settings. Ends July *17. Closed Mon (2 place Palais* Royal)
Petit Palais The Splendour of *Russia: a thousand years of* goldsmiths' work. Ends July 18. Closed Mon
ROME
Calcografia Federico Peliti, Piedmontese Photographer in India: more than 200 evocative photos of the British Raj by a talented amateur, who was also a violinist and *sculptor. Ends July 10. Daily*
S Michele a Ripa Borghese Collection: works by Titian, Caravaggio, Rubens, Raphael and others, on show in this deconsecrated church while the villa in the Borghese gardens is being restored. Ends Dec 31

ST PETERSBURG
Hermitage Fabergé: exquisite goldsmiths' work produced by the firm of Carl Fabergé from the 1870s *to 1918, when he fled the Bolshevik* revolution. The collection, drawn from public, private and royal *collections in east and west Europe*, includes everyday objects, jewellery, smoking accoutrements *and imperial Easter eggs*, some containing mechanical toys. After the current showing ends on Aug 15, the exhibition moves to Paris (Musée des Arts Décoratifs Sep 24-Jan 2) and London (V&A Jan 26-April 10 1994).
VENICE
Palazzo Grassi Marcel Duchamp (1887-1968): 300 works. Ends July 18. Daily
VIENNA
Kunsthistorisches Museum *Gold* from Kiev: 170 masterworks from the era of Scythian supremacy to *the Christianisation of the Ukraine.* Ends Aug 1. Closed Mon
Kunsthalle The Broken Mirror: 50 *contemporary artists* present an image of the diversity and function of art today. Ends July 25. Daily
WASHINGTON
Hirshhorn Museum Jean Dubuffet: 97 paintings, sculptures and assemblages by the unconventional 20th century French artist. Ends Sep 12. Daily
National Gallery of Art The Great Age of British Watercolours 1750-1880. Ends July 25. Also *Great French Paintings from the* Barnes Foundation: 80 French impressionist, post-impressionist and *early modern paintings.* Ends Aug 15. Daily
Arthur M Sackler Gallery The Divine Word of Islam: 23 printed volumes dating from the 14th to 18th centuries in Egypt, Iran and Turkey, including bound manuscripts of the Koran and a ceramic tombstone. Ends Jan 2. The Golden Age of Sculpture from Sri Lanka: 52 ancient masterpieces of bronze casting. Ends Sep 26. Daily
National Portrait Gallery American Art at the 1893 World Fair. Ends Aug 14. *Daily*
Renwick Gallery American Wicker: 80 pieces tracing the evolution of *American woven furniture from the* Victorian era to the simplicity of the Arts and Crafts period. Ends Aug 1. *Daily*
ZURICH
Kunsthaus The Nabis: 320 paintings by Bonnard, Vuillard, Vallotton and other members of the group of artists in late 19th century Paris who painted in flat, pure colours before reverting later to a modified Impressionist style known as Intimisme. Ends Aug 15. Closed Mon
Museum Rietberg *Masks and* Costumes of Japanese Theatre: Noh theatre masks and garments from the 17th to 19th centuries. Ends Aug 22. Closed Mon (Gablerstrasse 15)

Punishment meted out

Richard Tomkins examines London's new carrot-and-stick approach to parking control



Clampdown co-ordinator: London parking director Nick Lester

Is Mr Nick Lester about to become the most hated man in London? He stands a chance: for as the capital's first parking director, he is about to launch the biggest crackdown on illegal parking the capital's motorists have yet known.

The good news for drivers is that, under the Road Traffic Act 1991, illegal parking is to be decriminalised. This means responsibility for enforcing parking restrictions on all but the main strategic routes will be transferred from the police to local authorities, with fines being treated as civil debts rather than an issue for the magistrates' courts.

The bad news is that motorists will stand much less chance of parking illegally without being caught; and that those who do break the rules, particularly persistent offenders, will suffer through swingeing penalties and targeted use of wheel-clamping and vehicle removal.

Under the existing system, parking restrictions in the capital are enforced by about 1,500 traffic wardens employed by the Metropolitan Police. In addition, some local authorities employ wardens to patrol parking meters and residents' parking spaces.

The system, however, is hopelessly ineffective. On average, the London motorist can expect to pick up only one parking ticket for every 50 infringements. With odds as favourable as that, illegal parking has become an epidemic, so worsening congestion and increasing journey times.

The main reason why so few offenders are caught is that the £60m collected in penalty income each year goes not to the Metropolitan Police, but to the exchequer. As a result, the police have little incentive to invest scant resources in employing more wardens or to increase the productivity of the existing warden force.

Under the new system, local authorities will be able to keep the proceeds of parking fines instead of passing them on to central government, so they will be seeking to maximise revenues. By the end of next year, the London boroughs expect to employ an extra 1,000 wardens – or parking attendants, as they are to be known.

The increase in numbers will be reinforced by an increase in productivity because local authorities will aim to make a profit from this new source of revenue. If they succeed, they will be able to use the surpluses to provide more off-street parking or to improve roads or public transport.

According to Mr Lester, director of the Parking Committee for London which is funded jointly by the capital's 33 local authorities, the aim of the new regime is to adopt a carrot-and-stick approach to parking enforcement. "On the one hand, we are introducing rules that make sense and are easily explained, but on the other, we are getting away from the 'lucky dip' approach as far as parking illegally is concerned."

Briefly, the system will work like this:

- Responsibility for parking enforcement will be transferred area by area to local authorities over the next year. Pilot schemes will start in the Clapham Junction and Putney areas of Wandsworth on Monday, followed by the first three fully fledged schemes covering the boroughs of Hammersmith and Fulham, Lewisham and Bromley in October.
- When the transfer is complete, the 1,500-strong Metropolitan Police warden force will concentrate solely on the capital's main strategic roads, now being redesignated "red routes", with much stricter curbs on parking. All other roads will be patrolled by local authority forces – separately managed, but following the same rules.
- The £40 parking penalty on red routes will be unchanged, but on other roads, the £30 penalty will rise to £60 in central London and £40 in the rest of inner London. In outer London, it will stay the same.

Mr Lester says the carrot for motorists will be much better signposting for motorists explaining when and where they can park legally, together with a review of existing restrictions to see where more parking space can be released.

Conversely, the stick will be the very much greater likelihood of being caught when parking illegally, combined with the prospect of tougher penalties. Attendants will also be able to mete out punishment selectively, for they will carry hand-held computers enabling them to check vehicles' records. While occasional wrong-doers will get a ticket, frequent offenders will have their vehicles clamped or towed away – and from next year, their vehicles will not be released until all outstanding penalties have been paid.

The carrot-and-stick approach will continue after the ticket has been issued. The sanction against a motorist who does not pay up will be the same as that for any other civil debt – registration of the fine in a county court and, ultimately, a visit from the bailiffs.

But motorists will be encouraged to pay promptly by the offer of a 50 per cent discount for penalties paid in 14 days and the threat of a 50 per cent surcharge after two months. Those who believe they have been wronged will be able to book an appointment for an informal adjudication, at which they will get an on-the-spot decision after a five-minute hearing.

Although new to Britain, the London enforcement system is largely modelled on schemes introduced in US cities over the past two years – notably in Chicago, where a similar regime has succeeded in reducing congestion and cutting journey times. It will be closely watched by cities elsewhere in the UK and Europe.

Yet, as Mr Lester acknowledges, in one sense it is attacking the symptoms rather than the cause of London's traffic problems. The real issue is the fact that, at present rates of growth, the number of vehicles owned by Londoners will sooner or later outstrip the amount of roadside space available to accommodate them.

No one has yet thought of a solution to that particular conundrum, for few of the possible solutions are attractive. Available evidence does not support the notion that improvements in public transport would stop people wanting to own cars. Building underground car parks is rarely feasible and always expensive. Knocking down houses to create more space would not win many votes.

In all likelihood, therefore, the answer will lie in ever-greater extension of parking restrictions and ever-higher parking charges, using price as the regulator between supply and demand. The regime about to come into force may just be a foretaste of more draconian measures to come.

Not that Mr Lester need worry: he cannot drive. "But I come from a car-owning household," he protests. "And no one's in this business to bash motorists over the head."

At least, that is, not yet.

Joe Rogaly

Pawn and a white knight

Mr Michael Pawn, the member for northern Cyprus, deserves thanks. He has diverted us, and made a sunny week delightful. His participation in the muddying of the waters in the case of Mr Asil Not-here produced stunning Wednesday theatre. The futile attempts by Madam Speaker to stop him must have been music to the ears of Sir Anthony Scribbler QC. The whole performance must have confused the courts and bamboozled the public. No one would then ask how much money his client, Mr Not-here, is alleged to have pocketed before he scarpered.

The plot would be perfect if, following the Americans' line on General Noriega, Mr Not-here could be brought here. Perhaps the task could be given to Group 4, the security specialists. Sir Norman Fowler, the Conservatives' chairman, could demonstrate that he is unafraid of revelations by the champion donor to party funds. He could arrange for this excellent firm, to which his connection has been noted, to kidnap our fugitive and bring him to court. Even if that dénouement, which I recommend, is denied us, Mr Pawn's claim to Tory gratitude is safe. For he has rendered a service to the government: he has drawn attention to his own shortcomings, and thus, for a few blessed moments, directed our gaze away from the misfortunes of Mr John Major.

Could he thus become known to history as the Pawn of Fate, the sincere idiot who not only made the mistake of helping Mr Nadir broadcast the cry of the accused throughout the ages – "I wuz framed" – but who also inadvertently bequeathed the prime minister a necessary breathing space? In mad moments, in which one entertains the proposition that Mr Major will be PM until the year 2000, this is as realistic a postulate as any.

Take it further. The recovery comes to life. The buoyancy of UK share prices continues. People perceive that there are jobs to be had and that house prices are no longer falling. Interest rate reductions in Germany and France are followed by cuts in Britain. The Tokyo meeting of the G7 gives Mr Major another week's respite from the rotten cabbages and custard pies of a relentless media audience.

As the long summer break approaches, accidents stop happening to the government. Ordinary business is taken seriously. The proposed restructuring of police pay and administration tops one week's political agenda, the report of the Royal Commission on the Criminal Justice system another. The final Maastricht rebellion, the one that is supposed to erupt when the bill returns to the Commons, fizzles. Lose or scrape home, the Conservatives are less humiliated in the forthcoming Christchurch by-election than expected. Whew! August, that month of civic forgetfulness, passes safely by; the anniversary of Black Wednesday is a subdued affair and the Conservative party conference in October is not the destructive shambles we saw last year.

Whether Mr Major stays in office, rescued by Mr Mates as pawn, or whether he goes, David Hunt is a politician to watch

Writing it down makes it impossible to believe, but it is what Mr Major's colleagues are praying for. Someone high up, I forget who, mumbled in my ear the other evening that what the prime minister needs is some good luck, "like a Falkland's war". Another relevant interlocutor commented that the first Black Wednesday, last September, had disenchanted the public while the second, the occasion of Mr Norman Lamont's resignation speech, had perhaps irrevocably damaged Mr Major's standing with his colleagues, particularly in the light of his poor parliamentary response.

Perhaps the prime minister could make his own luck by finding a David R Gergen. Mr Gergen is the political professional, a former counsellor to three Republican presidents, brought in by the Democratic President Bill Clinton to strengthen his support staff. Tomahawk Bill's popularity began to rise after Mr Gergen arrived. I cast no aspersions on the Downing Street staff: all I would venture is that Mr Major needs more people around him who know how to do politics. He could turn to some of Lady Thatcher's assistants, such as Sir Charles Powell, or Sir Bernard Ingham. No? Then maybe he should think about Mr Tom McNally, erstwhile adviser to Lord Callaghan. No.

The prime minister is not given to such imaginative strokes. He does, however, require a chorus of articulate voices to speak on his behalf. For lead propagandist he will rely on Mr Kenneth Clarke, his bluff new chancellor. But Mr Clarke cannot do the job on his own. Mr Michael Heseltine is off sick. An eager volunteer is to be found in Mr David Hunt, the new employment secretary. Mr Hunt enhanced his reputation when he stood in for the stricken Mr Heseltine in a recent debate on opposition accusations that the funding of the Tory Party is corrupt and sleaze-ridden. He put aside his nice-guy smile and slung as much mud across the despatch box as he had received.

Tomorrow we shall hear from Hunt the aspirant statesman and popular philosopher. He will address the annual conference of the Tory Reform Group at Worcester College, Oxford, on "the Conservative party and Europe – a Christian Democratic perspective". He will sound a bit like the absent Mr Christopher Patten, who is unavoidably detained in Hong Kong. Mr Hunt is unashamedly European – albeit with a politically correct emphasis on competition – and a proponent of the social market. He says that companies should take responsibility for the welfare of their employees, and employees for the quality of their work.

At the core of Conservative belief, he argues, is the concept of the individual citizen as a moral agent, responsible for his or her own actions. He is a competent sloganeer – we shall soon hear about a new apprenticeship system for the new century – and a student of the theories of John Rawls, which he believes go some way to providing a secular moral basis for the free market system. Curious: Mr Roy Hattersley, the former deputy leader of the Labour party, was wont to cite Rawls in defence of socialism. Mr Hunt's forthcoming manifesto for one-nation Toryism should nevertheless be noted. It says what Mr Major cannot find the words to say. It amplifies Mr Clarke's "hard centre" definition of Conservatism. Whether Mr Major stays in office, rescued by Mr Michael Mates as pawn, or whether he goes, Mr Hunt is a politician to watch.

Joe Rogaly's column will be resumed on September 7

WHERE TO WATCH THE FT THIS WEEK

MONDAY

07:45 European Business Today† – Daily news, company results, market moves and boardroom interviews.

12:30 West of Moscow †

22:30 European Business Today†

TUESDAY

07:45 European Business Today† (22:30)

13:15 West of Moscow* (18:15)

08:15 FT Reports* (15:45, 23:45)

WEDNESDAY

07:45 European Business Today† (22:30)

21:30 Financial Times Reports† **Paying the piper.** Why do companies sponsor the Arts and do they get what they expect?

THURSDAY

07:45 European Business Today† (22:30)

08:15 West of Moscow* (15:45, 23:45)

13:15 FT Reports* (18.15)

20:00 Financial Times Reports● (01:00, 05.15)

FRIDAY

07:45 European Business Today† (22:30)

SATURDAY

05:30 Financial Times Reports●

08:30 Financial Times Reports †

11:15 West of Moscow ● Ukraine...holding the cards? In a location report from Kiev we profile the *front runner in* East Europe's new capitalism. (22:15, 02:15, 05:15)

SUNDAY

13:00 Financial Times Reports● (20:00)

19:00 Financial Times Reports †

22:30 West of Moscow †

All times are **CET**

KEY ●Sky News †Super Channel *Euronews

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A superior record on economic forecasting

From Prof Tim Congdon.

Sir, In his story, "Treasury 'wise man' calls for skills cash" (June 28), about the London Business School's latest Economic Outlook, Peter Marsh makes some quotes from the publication. Broad money is said not to have been "a reliable indicator", while "advocacy of this indicator" has been "accompanied by exaggerated claims for Tim Congdon's forecasting prowess that does not bear close examination".

I first began to provide detailed macroeconomic forecasts in 1986 when I worked at Shearson Lehman. The subsequent record of quarterly forecasts has been continuous, apart from a period in late 1988 and early 1989, just before I founded Lombard Street Research. Over this seven-year period I do not believe that the London Business School (or, indeed, the National Institute of Economic and Social Research) has once produced an end-year forecast for the subsequent year that has been as accurate as mine. (Of course, I did not have an end-year forecast in late 1988 for 1989, but I believe that my mid-year forecast was in this case better than the LBS's end-year forecast.) I may be incorrect in making these claims, but I find it interesting that – since making them – no LBS or National Institute economist has taken up the challenge of comparing my forecasts with theirs. Happily, all the forecasts are matters of public record.

There is no doubt that, on average, my forecasting record has over the last seven years been superior to the LBS's and the National Institute's. I have tried to explain – to economists at both institutions and anyone else who may be interested – why I think they have been better. It has nothing to do with "forecasting prowess", whatever that is or may be, but with the application of certain basic ideas in economic theory. In particular, every forecast that I have prepared has paid careful attention to various economic agents' demands to hold money balances, and the relationship between these demands and the actual quantity of money balances in existence. The need to equilibrate the demand for money with the money supply is an essential aspect of any meaningful attempt to understand the forces determining national income.

Tim Congdon,
managing director,
Lombard Street Research,
33 Lombard Street, London EC3

No vagaries if peat-free

From Ms Barbara Young.

Sir, Peat producers hampered by wet weather this year would suffer less from the vagaries of the British climate if they switched to making peat-free composts in future ("Scottish peat profits bogged down by squelchy weather", June 29).

Fine weather is needed for peat extraction, but not for the production of adequate substitutes based on plant waste and coconut fibre. Increased use of these products would reduce the pressure on threatened peat bogs, home to many rare plants, animals, birds and insects, and also help address waste disposal problems.

Peat use could be cut by 70 per cent by the end of 1994 if the government introduced fiscal incentives to support this growing industry. This would undoubtedly offer compost producers a more secure future than a change in the weather.

Barbara Young,
Royal Society for the Protection of Birds,
The Lodge,
Sandy, Beds SG19 2DL

Costly delivery

From H N Harrison.

Sir, On Wednesday I took a letter to my local post office and to my amazement the clerk informed me that the charge for the recorded delivery letter which I handed to him had increased from 30p to 55p. Yet only last week I paid 30p! That is an increase of 83.3 per cent.

I realise that the current inflationary rate does not include postal charges. Nevertheless, how on earth is the small businessman to survive? Or isn't he supposed to?

H N Harrison,
H Norman Harrison & Co,
309 Chase Road,
London N14

UK must form a long-term energy policy

From Mr Peter Vincent.

Sir, On June 21 you reported that British Coal expects to close within the next year some of the 19 pits previously regarded as "core pits" ("Key pits face closure threat"). On June 23 private mining companies were quoted as describing the government's plans to privatise British Coal as being little more than a "farce".

Both reports illustrate the government's failure to develop a long-term national energy policy which recognises the need to make best use of all Britain's energy resources, including coal.

The UK is fortunate in having access to the four principal sources of energy for generating electricity: gas, oil, nuclear power and coal. We see little sense in creating a domestic energy market in which coal is effectively "priced out", thereby wiping out the massive past investment in this strategic resource.

The government has said that private mining companies are free to bid for the pits that British Coal no longer requires. But it has done nothing to increase the market for coal; nor has it got round to repealing the legislation which bars such companies from operating mines which employ more than 150 men underground.

In such circumstances it is hardly surprising that private companies have been reluctant to bid. And those that do may see it merely as an asset stripping exercise.

If the government were serious about throwing a life-line to the "reprieved" pits it would have ensured that a legislative framework was in place which would at least allow them to function under private ownership before it put them up for sale. We can only hope that its privatisation bill will be thought out more carefully or, in five years, we may have no deep mining industry left.

Peter Vincent,
chairman of the minerals market panel,
The Royal Institution of Chartered Surveyors,
12 Great George Street,
Parliament Square,
London SW1P 3AD

Role for small shareholder

From Mr J A Cunliffe.

Sir, As this company's logo featured prominently at the head of Tony Jackson's article, "Voice of the little guy: the small shareholder's right to speak" (June 21), may I comment on our attitude towards small shareholders, which is certainly not one of antipathy.

In recent years, our AGM has seen many questions, and some disruption, by anti-apartheid activists, but we would not share the description of them, or activists generally, as cranks. Far from attempting, or wanting, to stifle debate, successive chairmen have believed that the company has had good counter-arguments to present. Our AGM is not tightly controlled – although we hope it is run in a business-like manner – and shareholders are free to ask any question relating to the company's affairs, without notice.

Compared with their total number, few private shareholders attend the AGM, many no doubt for reasons of time and distance; others perhaps are not attracted by its formality. Therefore, since 1977, Shell Transport has each year arranged informal meetings for shareholders around the country which provide the opportunity to meet and question senior executives. They have proved very popular.

Also, each shareholder receives an annual chairman's bulletin and, whenever we can, we invite shareholders to visit Shell installations. For example, in May a Shell tanker berthed for several days in the Mersey after taking part in the Royal Review to commemorate the Battle of the Atlantic. In four days, more than 7,000 shareholders and their guests visited the vessel.

We believe that the private individual shareholder has an important role to play in corporate governance. We try to bring the shareholder and the company closer together.

J A Cunliffe,
secretary,
Shell Transport and Trading Company,
Shell Centre, London SE1 7NA

Poor UK show in Shanghai

From Ms Laila Spence.

Sir, On my return from China I read with interest your six-page survey on Shanghai (June 2). You wrote that this booming port intends to become a leading financial centre in Asia and that the year 2010 is mentioned as the target for the city to overtake Hong Kong as a financial services and trading giant.

I hope the Foreign Office read the survey. At present the British consulate in Shanghai consists of three Britons and a Chinese staff of seven. The members of the UK business community with whom I spoke were unanimous in saying that the consulate offered them no help or support.

Meanwhile the Australian consulate has a staff of 50; the French consulate, 20.

Why doesn't the Foreign Office stop being so archaic and get down to business?

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FINANCIAL TIMES

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Friday July 2 1993

Bundesbank eases rates

BY EASING interest rates, the Bundesbank has made the task of defending German economic policy at next week's meeting of the Group of Seven leading industrial countries in Tokyo just a bit easier. But it will not be that easy. German monetary policy remains restrictive, while its effects on those linked to the D-Mark remain unpleasant. So long as this continues, continued US and French pressure on the Bundesbank is certain.

Yesterday's reduction in the discount rate, to 6.75 per cent, is the fifth since last September, the cumulative reduction now being 2 percentage points. But the discount rate is only a floor, just as the Lombard rate, lowered a quarter of a percentage point yesterday, to 8.25 per cent, is the ceiling. What matters for the market is the repurchase, or "repo", rate, which stood at 7.3 per cent yesterday, a decline of 2.4 percentage points from levels reached in the summer of 1992. The decline in short-term interest rates does appear substantial. But appearances are deceiving.

In the first place, Germany is in deep recession. In the year to February 1993, German industrial production fell 12 per cent, though from a high level. Meanwhile, gross national product declined 2.9 per cent in the year to the first quarter of 1993. In its latest Economic Outlook, the OECD forecasts a fall of 1.9 per cent in German gross domestic product between 1992 and 1993.

Restrictive policy

Admittedly, the OECD is modestly optimistic about next year, expecting gross domestic product to increase by 2 per cent in the first half of 1994 and 2.8 per cent in the second half. Similarly, Bundesbank president Helmut Schlesinger stated yesterday that the council believes the economy is at its low point. But both institutions have been too optimistic about the strength of the German economy in the recent past. Only last December the OECD thought the German economy would grow 1.2 per cent between 1992 and 1993.

In the second place, the Bundesbank's monetary policy remains restrictive. The best single measure of the monetary stance is the relation between short-term and long-term interest rates. The stance is restrictive when short-term interest rates are higher than long-term rates and easy when they are lower.

Even after these latest cuts, the Bundesbank's short-term rates of interest remain well above long-term rates, now a little above 6½ per cent. Not only is the monetary stance restrictive, but it has eased rather little, mainly because long-term rates of interest have, as intended, declined with short-term rates. Last September, three-month rates of interest were 2 percentage points above long-term ones. After yesterday's cuts, they were still three-quarters of a percentage point higher.

Slow lane

The Bundesbank remains cautious, as Mr Schlesinger remarked. Yesterday's cuts will not do much to transform the miserable short-term prospects that are now worrying the French government. The OECD expects German short term interest rates to be 4¼ per cent by the second half of next year. Even this may be neither low enough nor soon enough. Not only would the Bundesbank's policy still be less expansionary than the Federal Reserve's of today, but the more slowly it eases, the further it may have to go.

The Bundesbank has at least given its dependants some encouragement. As and when monetary growth falls well within its target range, further interest rate reductions are to be expected. This thought must encourage beleaguered French politicians to hang on. After last week's rebuff by the German finance minister, Mr Theo Waigel, to its request for joint discussion of interest rate policy, the French government must have prayed for just such encouragement. But it has not received that much. Meanwhile, Mr Waigel must have disappointed the French yesterday by admitting that Germany would not be ready for economic and monetary union in 1997 or in 1999, if public deficits were not first reduced.

What is often flatteringly described as the European Community's "fast lane" is set to remain among the slowest places in the world economy. So long as this continues, the EC will be subject to fierce criticism not only by its partners but also, more worryingly, by its citizens.

The re-shaping of British Gas

APART FROM the issue of British Gas's domestic gas monopoly, which the FT has argued (June 29) should be abolished, the Monopolies and Mergers Commission must make two other important recommendations: on a rate of return for the company's pipeline business and whether British Gas's structure is itself against the public interest.

Structure is a central question. Some think that, even if its formal monopoly is breached, British Gas will, in its existing form, retain an unacceptably dominant position. Ofgas, the gas regulator, has argued for it to be split into a number of elements, including a gas pipeline company and one, or possibly a series, of regionally defined gas trading companies that would sell gas to homes and businesses. The advantage would be to open up further the market in gas supply, while placing the natural monopoly of the pipeline under impartial ownership.

British Gas's position is that this would multiply costs without discernible benefit to customers. It wants to retain the monopoly, but has offered to split itself into five units for accounting purposes, with a view to re-assuring the regulator that it is dealing fairly with competitors and customers. The company also argues that it needs to be large and integrated to compete on the world stage.

In theory, the break-up argument has clear attractions and would be the right way forward were British Gas now being brought in to the private sector. But there is no denying that today it would also bring great uncertainties, not least for shareholders, and potential rewards which no-one, including Ofgas, has yet convincingly quantified. It feels like a step too far.

Serious defects

Equally, however, British Gas's position has serious defects. Accounting separation within a centralist culture like British Gas's might have limited impact, in practice. If British Gas also wins the argument for keeping its monopolies, it would rule out the benefits that competition can bring: innovation, better service and a tougher pricing environment. On the other hand, if the domestic monopoly is ended, an integrated British Gas would be so powerful that it would be able to frustrate new competitors.

One compromise, already adopted in the industrial gas business, would be to require British Gas to surrender fixed percentages of its market over time, but that is a crude device which attracts regulated entrants rather than true competitors. Better at this stage to establish British Gas's pipeline and trading arms as wholly separate subsidiaries, so creating at least some of the transparency needed for a genuine market. In these circumstances, the threat of full-scale dismemberment could be held in reserve should British Gas abuse its position.

Contrary proposals

Whichever route is chosen, the MMC will have to determine an appropriate level of profitability for the pipeline monopoly. This rather technical issue has been enlivened by provocative and contrary proposals from Ofgas and BG. The right rate of return figure probably lies in the middle of these pitches, between 5 and 8 per cent in real terms, offering a premium on top of index-linked gilts without excessive reward for a low-risk business. Although new assets should be valued on a replacement cost basis, the company's assets at privatisation cannot be since they were sold at a substantial discount to book value.

These are complex but important issues. British Gas's argument is, at core, that its customers are happy, its would-be competitors unimpressive and that it should be left to emerge as a great, international, integrated gas company, with interests from the oilfield to the showroom.

It is an argument which might well appeal to the present government, but it ignores the fact that the combination of privatisation and competition has yielded rich benefits across the utilities in terms of efficiency, innovation, prices, service and transparency, and that the same process can be taken much further in the gas industry. Nor is there any evidence that size is a qualification for effective international expansion. The MMC and the government will be right to urge careful change, but badly misguided if they resist change at all.

Cuts may not be deep enough

Quentin Peel says the German government's assault on the welfare state has provoked bitter opposition

It is hard to know who should be believed.

Mr Theo Waigel, Germany's increasingly weary finance minister, has persuaded his partners in government to accept a painful package of cuts, mainly in unemployment and social benefits. It is intended to save DM25bn (£9.8bn) next year, and up to DM35bn by 1996, and thus keep the federal budget deficit to manageable proportions. The aim is to bring the deficit down from about DM70bn today, or 15 per cent of the federal budget, to just 10 per cent by 1996.

Unemployment pay will come down three percentage points (from 68 to 65 per cent of previous earnings for a married man), and related social benefits will be cut by the same amount. A time limit will be fixed for earnings-related benefits, and a drive launched to stem social insurance fraud is intended to save up to DM6bn.

No less than DM14bn of the savings in 1994 come from direct cuts in welfare payments for the needy, at a time of severe recession and rising unemployment.

Little wonder that Ms Ursula Engelen-Kefer, the deputy chairman of the German trade union federation, says it is the most devastating assault on the welfare state since the early 1930s – when the harsh fate of the unemployed was a key factor behind the rise of Hitler.

Yet Mr Helmut Geiger, president of the savings banks' association, fears it is too little, too late, to cure the federal government's fiscal laxity. It still leaves a "horror scenario" of an intractable structural budget deficit from 1995, when the full burden of borrowing to finance unification will fall on the central exchequer, he says. And he doubts whether anything like DM6bn can be saved in combating fraud.

Only the German Bundesbank was yesterday prepared to give Mr Waigel the benefit of the doubt. The bank indicated its modest approval by shaving its discount rate by 0.5 points. It was scarcely a vote of great confidence. And when the finance minister travels to Tokyo next week with Chancellor Helmut Kohl for the Group of Seven summit of leading industrial nations, he will almost certainly meet more of the Geiger-style sceptics among his international colleagues.

If the savings plan has pleased almost no one, why is Mr Waigel forcing it through?

Coming six months before the start of a mammoth election year in Germany, when 19 separate polls at national, state and local level will decide the country's political complexion for the next four years his move looks almost foolhardy.

Yet few in government doubt that the finance minister had any choice but to tackle the sacred cow of social spending. Like the rest of the industrialised world, Germany faces a demographic shift, which means that ever fewer workers are contributing to the soaring social costs of ever increasing numbers of the old, the young, and the needy. Unlike the rest of the industrialised world, Germany's problem has been massively compounded by unification.

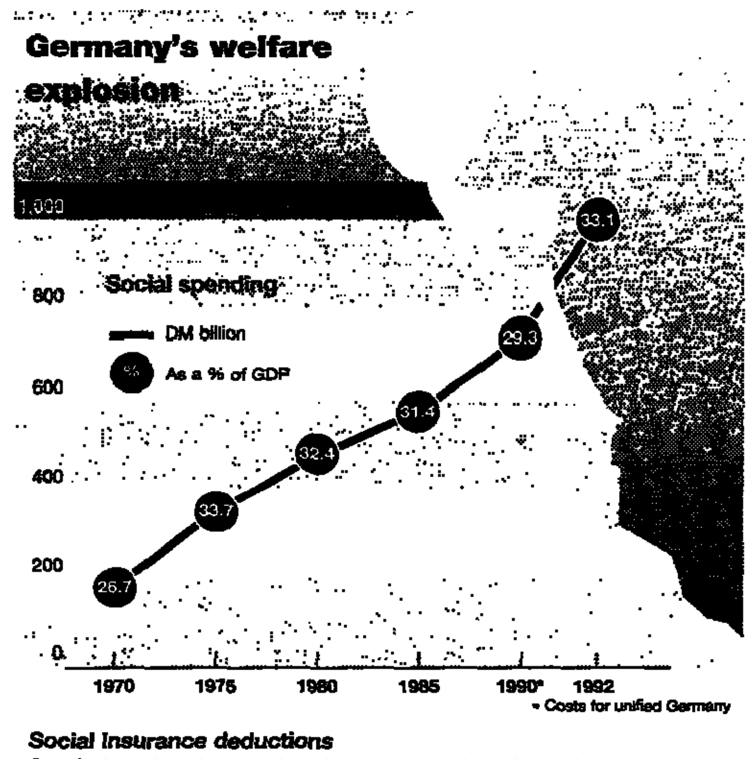
The three pillars of the German welfare state – health insurance, pensions, and unemployment insurance – have always been generous in their benefits. Unlike the British system, where social security is closely controlled by the Treasury, German insurance funds are self-financing and contribution-driven. It is only when payments outstrip contributions that the state steps in to subsidise. Unemployed workers have until now received two-thirds of their former salary for 32 months, and then a few percentage points less, indefinitely.

It has always been easier to allow insurance contributions to rise as social spending has soared, rather than switch a part of the burden to the general taxpayer. The result has been a rising burden not only on individual workers, but on their employers, who share the insurance contributions for all three funds on a 50:50 basis.

The proportion of gross income which the worker and the employer must jointly pay in insurance has risen from just 26.5 per cent, in 1970, to a forecast of at least 39.2 per cent next year.

According to the German Federation of Industry's economy institute in Cologne, the whole gamut of extra payments, such as holiday pay, per employee amounts to 86.5 per cent of basic wages, giving western Germany the highest wage costs per hour of any industrialised state: almost DM42 per hour in 1992, compared with DM39.24 in Switzerland, DM30 in Japan, and less than DM25 in the US.

German employers have complained bitterly about their social burden for more than a decade, and Mr Kohl's conservative coalition has been cautiously attempting to curb it. The advent of east Germany, with huge social needs, and very modest contributions, has turned a long-term structural problem into a short-term crisis.



Social Insurance deductions

Contributions of employers and employees as percentage of gross income

	1970	1975	1980	1985	1990	1993	1994**
Pension contributions	17.0	18.0	18.0	19.2	18.7	17.5	19.3
Health insurance	8.2	10.5	11.4	11.8	12.5	13.4	13.4
Unemployment insurance	1.3	2.0	3.0	4.1	4.3	6.5	6.5
Total	26.5	30.5	32.4	35.1	35.5	37.4	39.2

** Forecast

Social spending, which increased from DM180bn in 1970 to DM744bn in 1990, shot up to more than DM1,000bn by 1992, because of the east. And the burden has been borne by western German workers, employers, and the federal budget.

The government has already started to cut social spending with health reforms agreed last year. In the health sector, doctors' prescription budgets have been capped, and the number of drugs paid for by health insurance limited. The changes have shown significant savings but these have been at the expense of German drug manufacturers and pharmacists.

As for the pension funds, they cannot be touched, even by Mr Waigel. A proposal in May mooted by the finance ministry for a reduction in benefits was met with an instant denial by Chancellor Kohl. Yet the funds are transferring a net DM14bn from west to east, according to Mr Reinhold Schulze, chairman of the federal fund for white-collar workers. East Germany had inadequate funds to finance western-level pensions for its old people. The result is a forecast increase from 17.5 to 19.3 per cent of individual wages in pensions contributions next year.

The only significant area of social spending left for Mr Waigel to squeeze was the unemployment funds, which finance not just dole payments, but also retraining schemes, job creation measures, and even language training for returning German emigrés.

To finance labour market transfers to the east, running at some DM35bn a year, the federal labour office, which administers the system, had to increase contributions from 4.3 per cent to 6.5 per cent in March 1991. Even then, the government is having to pay a subsidy of DM18bn towards its DM90bn budget this year, and a probable DM20bn out of DM100bn next year.

Yet Mr Waigel's savings package is tackling only the short-term problem. His colleague, Mr Günter Rexrodt, the economy minister, is equally worried about the inexorable increase in all forms of social spending in the long term, with a shrinking workforce to pay the contributions. His answer is to propose a strict ceiling on contributions, and simultaneously to launch a campaign for longer working hours, shorter holidays, and longer working lives: against all current trends.

"We will have severe problems around the end of the century," according to a senior official in the ministry. "If we can reverse the trend, and have longer working lives, very small changes can have a huge effect. One more month's work means one more month's contributions, and one month less of pension payments."

If Mr Waigel's savings package has caused offence to the unions and the SPD, Mr Rexrodt's proposals seem to be just as sensational. The slightest hint of returning to a 40-hour week is anathema to the trade union leadership.

Yet there is one area of reform where the opposition and unions are prepared to co-operate: to take on more of the social burdens on the taxpayer, and relieve the burden of direct insurance payments.

Mr Klaus Zwickel, the new leader of IG Metall, the engineering workers' union, sees such a change as justified by the new demands in the east, which should not be borne by western workers alone. Some 2m civil servants, and the same number of self-employed, make no contribution.

If Mr Waigel were able to offer some sort of trade-off between capping social benefits, and a fairer distribution of the costs, he might still be able to bring the opposition and unions to a negotiating table. But for the time being, he looks condemned to force through his savings package in splendid isolation.

New rhythm for the tax and spend rhyme

PERSONAL VIEW

The rhythm of life is changing. Chancellors of the exchequer will no longer hold Mr Gladstone's box aloft on a sunny afternoon in the spring, but in the dingy gloom of late November. The second Budget of 1993 seems set for November 30, St Andrew's Day. The change was announced in the 1992 pre-election Budget of the former chancellor, Mr Norman Lamont, with the claim that the new timetable would "enable all concerned – parliament, the public, and government – to consider spending proposals alongside the tax proposals needed to pay for them".

In future, details of both public spending and tax plans will be announced together on Budget day in late November. This means delaying the announcement of spending decisions by two or three weeks compared to the old time-table, and accelerating the announcement of tax changes by three or four months. The government has made a number of claims about the benefits that will flow from this change in time-table: that it will improve decision taking, improve presentation, stimulate more informed debate and provide benefits for taxpayers.

On the quality of decision taking, the white paper announcing the change comments that "ministers will be better able to judge the merits of public spending proposals in the light of the overall fiscal position and the implications for taxation. And the potential trade-offs between tax reliefs and public spending can be more carefully considered".

All this would be true if decisions were to be made together. But all that is really happening is that they are to be presented together. The overall levels of public spending for the next three years were decided in a cabinet meeting in mid-June, and these are now fixed and "are not to be reopened in subsequent cabinet discussion". All that remains to be decided on spending is the allocation between departments. But because of the potential burden on officials and ministers caused by bringing together the tax and spending process, the spending process is to be accelerated so that the relevant cabinet committee can carry out the bulk if its work in September.

As the all-party Treasury and Civil Service Committee said in its report on the new time-table, "if the only way of coping. . .is to separate the decision making processes (either in time or by allowing different personnel to concentrate on the expenditure and revenue side respectively), much of the claimed advantages of better decision taking within government will prove illusory. Nor does it seem likely that 'potential trade-offs' between taxation and expenditure will be any better considered than previously if the expenditure decisions have largely been taken two months before the unified Budget.

The new unified budget statement will not mean tax and spending decisions are made together

Given the recent suggestion by the new chancellor, Mr Kenneth Clarke, that he will decide three or four weeks before the Budget whether to raise taxes, the fact that the level of spending will be set five months before the Budget and its allocation at least two months before the Budget, makes suggestions of truly joint decision making seem fanciful.

In hoping for better presentation and more informed debate, the government is on firmer ground. By announcing tax and spending plans together, it should be possible to increase awareness of the costs of higher spending in terms of higher taxes, and of lower taxes in terms of lower spending. The main complaint to make here is that, while debate may be more informed, there are no proposals to create any new opportunities for parliament to engage in decision making as opposed to debate. And the chance offered by an earlier Budget to extend the period of debate on the Finance Bill has been missed.

The final stated advantage, that there will be benefits to tax-payers, has some weight. The announcement of changes to income tax four months before they are to be implemented will mean that pay-as-you-earn will work smoothly and that there will be scope in some cases for tax-payers to take advantage of pre-announced changes to minimise their tax payments. The announcement of indirect tax changes in the run-up to Christmas may not seem such a benefit.

To describe the new unified Budget statement as much more than a shift in the timing of the announcement of tax and spending decisions is to exaggerate. This bringing together of announcements has some advantages and should lead to a better informed debate. But we are not going to see tax and spending decisions made together, nor is the change a way of extending consultation. Much more could and should have been done.

Andrew Dilnot

The author is director of the Institute for Fiscal Studies

OBSERVER

Bus-lord's holiday

■ With his £2bn-plus agreed bid for Quantum Chemical now in the bag, whither Lord Hanson? A clue lies in his other bag and baggage, including 13 suitcases, seen in a dark green Mercedes estate with silver terrier mascot and personal number plate, disembarking at Nice from the night train from Calais.

The car then sped off in the tracks of the "Gatsby set" of novelist Scott Fitzgerald – the very rich, he said, "are different from you and me" – to the Hotel du Cap d'Antibes. The good lord himself will be following by private jet, of course.

With his family and sometimes friends too, he has gone summer after summer to the ludicrously expensive establishment looking over the bay of Cannes. He is also a regular patron of the hotel's Eden Roc beach club, haven of film stars and old family money as well as international tycoons.

This time the scheduled stay is unusually if not extraordinarily long. He is booked in for three weeks – his doctors have ordered him to take things easy, though more to convalesce after a disc operation than because they think he needs a rest from the strains of business.

That is no doubt just as well. His suite at the hotel is being transformed into an office-in-exile, equipped with all manner of high-tech widgetry to keep him in constant touch with the affairs of his conglomerate.

Nevertheless, his aides are offering even odds on two eventualities. One is that he won't be able to stick out for a whole three weeks away from headquarters. The other is that, if he does, he'll need another holiday to recover from it.

Growth oath

■ As curse words go, it certainly doesn't live up to the standards set by such as John McEnroe. But on the upper-crust tennis courts of the Home Counties where it's in fast-growing use, it carries deeply felt meaning.

When the returns fall short and the service falters, the in-thing to exclaim is "Oh Lloyd's!"

Smokey's send-off

■ Though the sun was shining and the champagne flowing, the first reception for the Bank of England's new governor was but sparsely attended. Besides Eddie George – otherwise known as Smokey Joe – the octet present included Mrs George, Bernie Kemp, who organised the bash and bestowed the nickname, and top professional toastmaster Ivor Spencer, replete with presentational magnum.

'Is it me... or are the police getting younger?'

Possibly the thin crowd reflected the impromptu nature as well as the site of the occasion: outside North Dulwich railway station. Invitations had been strictly by word of mouth, in whispers.

The champagne launching was newsagent Bernie's tribute to the governor not only for rising to the office from humble beginnings, but also for buying the FT from him for years.

They are almost neighbours. For the past quarter century Smokey Joe – so called because he always has a gasper on the go when he picks up his paper – has lived in a semi only a few roads away from the station, above which Bernie has lived for his whole life.

Like his customer, he is moving up in the world. He has diversified into double-glazing, painting and decorating, plumbing, carpentry and window-cleaning for offices, all without having to advertise.

Along the way he has served other distinguished customers, in Lady Thatcher and the ex-premier of Thailand, and he is currently in the running to help to build a Greek airport...

But there the chat ends. He must rush off to make sure that what could well be the last time Smokey Joe goes to work by train – the 7.32 to London Bridge – isn't the first time he misses it.

The downside

■ Mind you, the local boy's promotion isn't lifting hearts in all the businesses in George's neighbourhood. His implacable stance on inflation, in particular, is the focus of gloom in several of the cluster of shops just down the street from his home.

Take Bartley's Fruiterers, whose owner Arnold Levinrad says: "Low inflation by itself is not good enough, there also has to be growth." And his view that both Bank and Treasury haven't done enough to oil economic wheels is shared, for instance, by chemist Dhiru Patel and Robert Smith who runs the local showroom of the S G Smith Motor Group.

Moreover, they have local evidence to back up their argument. Not only are the fruiterer's takings down 30 per cent from two years ago, but of the 15 shops in the cluster, three stand empty.

Drop out

■ "Let's hope it isn't given the bird," said Observer just four weeks ago about the musical, Leonardo, then opening in London and financed by the guano encrusting the tiny Pacific island of Nauru. With its stocks scheduled to run out in five years, it had banked on its £1.5m investment in the show paying rich returns.

Alas, the Strand Theatre is pulling the plug on it, blaming the critics for dropping on it unjustly from an exceeding great height.

Close crop

■ Asked for a job by the smallest man he'd ever seen, the lumberjack boss challenged him to prove his worth by chopping down the biggest tree in sight. Whereupon he grabbed an axe and, with a blur of movement, felled the tree within seconds.

Flabbergasted, the boss asked where he had learned such amazing skill. "Working in the Sahara," the axeman answered.

"But there aren't any trees there," spluttered the boss. "Of course there aren't, *now*," said the midget.

FINANCIAL TIMES
Friday July 2 1993

Proposal to speed settlement of equity trades in London market

By Norma Cohen in London

A TASKFORCE backed by the Bank of England yesterday urged the adoption of a slimmed-down electronic system to speed up the settlement of equity trades in the London stock market.

It would take the place of the London Stock Exchange's failed Taurus project which was abandoned in March after costing the exchange and the City of London an estimated £400m ($600m).

The taskforce recommended that London's current fixed two-week settlement periods to a 10-day "rolling" basis by next July on the stock exchange's existing Talisman system.

By early 1995, settlement should be narrowed to five days and by 1996, a new system called Crest would become operational. It is expected that the system could eventually achieve same-day settlement.

Settlement is the completion of a transaction after the delivery of securities to the buyer and the delivery of payment to the seller has been achieved, along with the transfer of title.

Britain's two-week settlement period is far longer than that of other main markets and regulators are concerned about the risks that poses.

The new system will differ from Taurus in several key respects: participation will be voluntary, it will not require the complete abolition of share certificates and it will have no central depository for record-keeping.

Mr Pen Kent, associate director of the Bank of England and chairman of the taskforce, said it had not been decided who would run the system.

Under the broad outlines of the plan, investors, brokers, custodians, registrars and banks would have to become members of Crest if they wished to use its settlement services and would have to meet certain minimum criteria.

This requirement addresses what had been one of the chief stumbling blocks of Taurus – the inability to design a system flexible enough to meet the varying needs of every market participant. But because Crest participation is voluntary, there will be less need for it to be flexible.

It is also intended that the system should preserve the principle of visibility of share ownership, even if it further encourages the use of nominee names for registration of share ownership.

Mr Kent declined to estimate the cost of the new system, but he was "hopeful" that it would be less than that of Taurus. He said none of the investment made in Taurus could be put to use in the new system.

The move to five-day rolling settlement is likely to force private investors to place their stock in the nominee name of their broker – a move many are likely to resist.

Participants in Crest will have the option of "dematerialisation" – receiving notification of ownership by computer only – or may receive certificates if they wish.

Crest will also be able to handle most "stock events" such as dividends, announcements of rights issues and proxy voting.

Participants in Crest would have to have accounts at one of the settlement banks. The Bank of England intends to admit as settlement banks only those which are now part of the Clearing House Automated Payments System (Chaps).

The plans were cautiously welcomed yesterday by fund managers, brokers and custodians. Mr Richard Weir, director-general of the Institutional Fund Managers Association, said: "We are very pleased because they seem to have met our greatest concerns: speed of settlement and sponsorship by the Bank of England".

Waigel says German budget deficit may delay Emu entry

By Quentin Peel in Bonn

MR Theo Waigel, the German finance minister, yesterday warned that Germany would be unable to join a European monetary union in either 1997 or 1999 unless it took further radical action to curb its budget deficit.

He insisted that there could be no suggestion of relaxing the economic convergence criteria for Emu – including strict limits on budget deficits, government debt and inflation – and that Germany itself would be hard pressed to comply.

Mr Waigel was giving evidence before the German constitutional court in Karlsruhe, which yesterday began hearing complaints against the ratification of the Maastricht treaty.

In response to questions over the future stability of a single European currency, the finance minister insisted that it would prevent turbulence in the European money markets, and prove stronger in competition with the dollar and yen than the present European Monetary System.

His colleague, Mr Klaus Kinkel, foreign minister, also weighed in with a staunch defence of the treaty, reminding the court it was approved by overwhelming majority in the German parliament with only 16 votes against.

He warned that any decision by the court to declare ratification invalid would cause a huge loss of international confidence.

The court is hearing a series of challenges to the treaty, on the grounds that it infringes the individual rights of German citizens, by undermining the country's sovereignty. The complainants include four Green members of the European parliament, and Mr Manfred Brunner, a former chef de cabinet to Mr Martin Bangemann, the senior German commissioner in Brussels.

The Green MEPs have based their challenge on the lack of democratic control at European level over the actions of the European Commission and EC council of ministers. Mr Brunner maintains that the treaty offends the constitutional definition of Germany as a "democratic and social, federal state".

Mr Waigel said in his evidence of Emu that the recent upheavals in the European currency markets demonstrated "how sensitive the current European currency order is... Such tensions can only be finally avoided through a joint monetary policy".

He insisted, however, that only by strictly maintaining the economic convergence criteria for Emu could a genuinely stable currency be created, and that meant that Germany could not take its own membership for granted, because of its level of budget deficits, running at some DM70bn ($41bn) this year, or 15 per cent of the budget.

Outlook for US industry weakens

Continued from Page 1

dismal end to the second quarter," said Mr Robert Bretz, a spokesman for purchasing managers.

A sub-index measuring new orders fell from 53.5 per cent to 49 per cent in June.

Indices measuring export orders, manufacturing production and employment also weakened last month.

Mr Jason Bram, a Conference Board economist, said the euphoric mood among many businessmen at the beginning of the year had evaporated. But confidence varied significantly among sectors. Chief executives in finance and business services were the most positive while "manufacturers of food, textiles and apparel have become very negative".

Yesterday's reports were the latest in a series of weak economic figures.

Belgian warning on larger EC

By Lionel Barber in Brussels

BELGIUM opened its EC presidency yesterday with a pledge to "play by the rules" of the Community and a warning that the difficulty of enlargement negotiations had been underestimated.

The two statements by Mr Jean-Luc Dehaene, Belgium's prime minister, underlined a shift in priorities after two nationalist-minded presidencies under Denmark and the UK, both of which pushed for speedy enlargement with Finland, Sweden, Norway and Austria.

Mr Dehaene, a passionate federalist, listed Belgium's priorities as giving life to the Maastricht treaty and strengthening EC institutions, particularly the European Commission.

He also said he favoured holding an early EC summit in October, assuming ratification of Maastricht was wrapped up in the UK and Germany. But a summit required concrete decisions such as an agreement on the location of new EC institutions, notably the European Monetary Institute.

The EMI is the precursor of the European Central Bank which will supervise the putative single EC currency. The UK is blocking a deal under which the EMI would go to Germany and some ministers are arguing that London's status as an international financial centre should give it control of some of its operations.

Mr Dehaene warned that failure to reach a deal on the EMI could jeopardise the second stage of European monetary union, due to begin on January 1 1994.

Mr Jacques Delors, European Commission president, said he was enthusiastic about working with the Belgian presidency. It was time to dispel the Euro-gloom and recreate the successes of the mid-1980s, a period of dynamic growth and job creation.

Chinese farmers

Continued from Page 1

chases. These IOUs were such a source of discontent last year that the government opened its coffers to honour its commitment to pay up by Chinese new year.

The depth of government alarm at the rural unrest was reflected in recent calls by senior Chinese leaders for immediate settlement of the green IOUs.

The problem has prompted postal officials to "reconsider" setting up a postal savings bank to take responsibility for cashing remittances, the China Daily said yesterday.

THE LEX COLUMN

Schlesinger marks time

FT-SE Index: 2888.8 (-11.2)

Given the time it took to get round to it, yesterday's half point cut in the Bundesbank's discount rate was less dramatic than it seems – which is perhaps why, after a moment of initial excitement, exchange and bond markets shrugged it off. It is two months since the Bundesbank last cut official rates: the looming summer holiday period means it could be almost two before it cuts again. That is a long time to wait for only half a point. In past recessions, the bank has cut by a point at a time. Yesterday's decision simply means that the policy of drip-feeding tiny cuts in the repurchase rate will continue.

Mr Helmut Schlesinger of the Bundesbank presumably feels comfortable with this because he believes the German recession has reached its nadir. Latest industrial production and business confidence data at least suggest that economic output may have stopped falling. But it is hard to see where recovery will come from and the Bundesbank's continuing caution may place worrying pressures on France. The bank's behaviour indicates a determination to ensure that the German currency does not lose its anchor role within the ERM. That, in turn, means France will be lucky to get away with interest rates lower than those of Germany over anything other than the short term. The Bundesbank may have given it some leeway to do so by a small amount if only because the markets will anticipate another German rate cut at the end of August. Whether that will be enough to alleviate the strain on the French economy is moot.

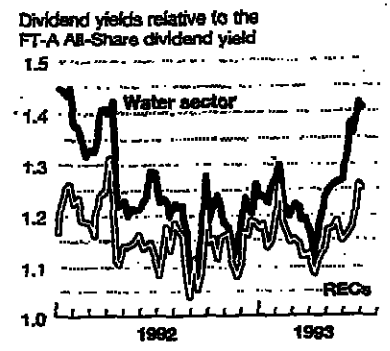
UK electricity

Southern Electric's attempt to win this year's dividend race by a short head is of little fundamental significance. Yet it does re-focus attention on the financial strength of the regional electricity companies. The review of transmission prices over the next year will cut into the RECs margins. Average dividend cover is, however, around three times and strong cash flow continues to cut gearing. Since electricity prices will be falling from 1995, political pressure on the sector may be slight. None of the range of probable outcomes of the transmission review are likely to cut into Southern's ability to pay 8 per cent real dividend increases through the rest of the decade.

That is in contrast to the water sector where gearing is rising sharply.

Utilities

Dividend yields relative to the FT-A All-Share dividend yield



Source: Datastream

Shares in the water sector have fallen, and there are fears that once the transmission review is under way, electricity may suffer too. Yet the sector's high yield relative to the market already discounts much of the risk. On a prospective basis, electricity shares yield almost as much as water, which is surely too cautious given their markedly different prospects.

Southern and the other RECs which are getting on with cost cutting look sensible, since Offer is unlikely to be hoodwinked about the costs of companies which are merely lazy. Yet Southern's zeal in setting up new pay bargaining arrangements and 2.9 per cent award to staff sits oddly besides the directors' higher pay awards and continuing three-year rolling contracts. The company seems to be learning 1980s-style management techniques in the 1990s.

BPB Industries

Having played fast and loose with previous predictions when tapping shareholders for more money, it is hard to know how seriously to take BPB's present sunny prognosis for the plasterboard industry. A 52 per cent rise in pre-tax profits certainly lends weight to the benign outlook. The 33 per cent dividend cut, though, provides a nasty reminder of how faulty the company's judgment has proved in the past.

Peace does appear to have broken out between the big three plasterboard manufacturers after they came close to bleeding each other dry. Prices have climbed 29 per cent in the past 18 months. BPB's profits have benefited mightily from the trend, especially when combined with its cost reduction programme. These factors should push BPB's profits sharply higher this year too as UK demand twitches upwards. A forward multiple of about 20 certainly anticipates as much.

Yet BPB's recovery is built on fragile foundations. The cut dividend is still scarcely covered and any growth will be painfully slow. Fortunately, investors may now be more concerned with earnings prospects than yield. Moreover, plasterboard overcapacity in the UK may undermine price stability as manufacturers defend market share. The greatest uncertainty, though, is about how far the French market will fall. Both Knauf and Lafarge appear far gloomier than BPB on this score. If they prove right, things may grow particularly messy for BPB. France is its biggest market.

Securities settlement

The report by the Bank of England's task force on securities settlement comes as a welcome relief after the Taurus fiasco. The collapse of Taurus after more than a decade of work left London in urgent need of a reliable, inexpensive and quick settlement system that would narrow its embarrassing gap with other centres. The task force does not aim to please everybody, but it does hold out the prospect of a reasonably timely move to five-day rolling settlement. Its decision to drop the idea of a central register may help to keep the banks on side. Their role will be crucial to accompanying payments arrangements.

Yet moving from theory to practice remains a daunting task. On the one hand are practical problems over and above the need to develop reliable technology: the initial move to a shorter settlement period while still using a paper-based system may make life harder for private client brokers. On the other, are more political questions – notably the ultimate ownership of Crest, the settlement service which the report envisages.

Since it will effectively have a monopoly position, it would be undesirable for Crest to be in the hands of a single commercial owner. A consortium approach will be more desirable but one which also requires strong leadership. After Taurus, the Stock Exchange lacks any credibility. That leaves the Bank, which may yet have to bang heads together at the development stage. It may need to remain actively involved once Crest is up and running as well.

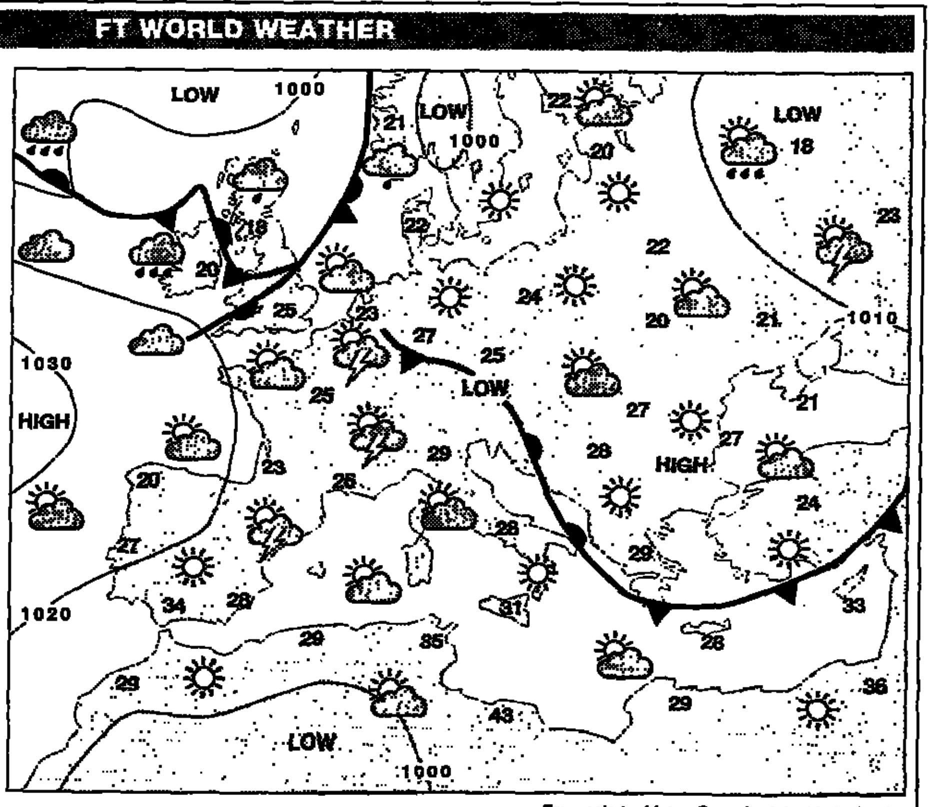
FT WORLD WEATHER

Europe today

An area of high pressure over the southeast of Europe extends its influence towards the North Sea. Sunny and warm conditions are expected from southeast Europe to the Low Countries, with temperatures as high as 25C to 30C and tropical values in the Mediterranian countries. Southern Scandinavia will have another sunny day, but showers followed by cooling will affect the west of Norway. Thunderstorms and local outbreaks of rain over France and Switzerland will slowly shift to the east increasing the risk of thunder in Belgium, Luxembourg and southern Germany. Over the UK a weak frontal zone will make little progress bringing some rain in the northwest. Western Russia will be showery.

Five-day forecast

High pressure is building towards central Europe. Southern Europe will remain warm and sunny in general, however thunderstorms will develop in the Alps. Northern Europe will face unsettled conditions and lower temperatures, with significant rain in northern Scandinavia next week.



Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum Celsius

Abu Dhabi	sun	42
Accra	shower	29
Algiers	fair	29
Amsterdam	sun	22
Athens	sun	29
Bangkok	cloudy	33
Barcelona	shower	24
Beijing	fair	30
Belfast	drzzl	18
Belgrade	sun	28
Berlin	sun	27
Bermuda	fair	28
Birmingham	fair	22
Bogota	fair	19
Bombay	rain	32
Bordeaux	fair	23
Brussels	sun	26
Budapest	sun	28
Buenos Aires	hazy	17
Cairo	sun	36
Cape Town	sun	18
Caracas	cloudy	30
Chicago	thund	29
Cologne	fair	27
Copenhagen	sun	22
D' Salaam	thund	29
Dakar	fair	30
Dallas	fair	35
Darwin	fair	32
Delhi	fair	38
Dubai	fair	44
Dublin	drzzl	20
Dubrovnik	sun	29
Edinburgh	cloudy	16
Faro	sun	29
Frankfurt	shower	28
Geneva	rain	22
Glasgow	rain	18
Hamburg	sun	24
Helsinki	fair	22
Hong Kong	cloudy	30
Honolulu	fair	31
Isle of Man	cloudy	17
Istanbul	fair	25
Jersey	fair	20
Karachi	thund	36
Kuwait	sun	48
La Paz	shower	16
Las Palmas	cloudy	25
Lisbon	sun	27
London	fair	25
Los Angeles	sun	27
Luxembourg	thund	25
Lyon	thund	25
Madeira	cloudy	23
Madrid	fair	28
Majorca	fair	29
Malta	fair	32
Manchester	cloudy	20
Manila	fair	33
Melbourne	fair	14
Mexico City	shower	22
Miami	thund	33
Milan	shower	26
Montreal	cloudy	25
Moscow	fair	18
Munich	thund	24
Nairobi	cloudy	22
Naples	sun	30
Nassau	thund	32
New York	fair	24
Nice	fair	26
Nicosia	fair	33
Oslo	shower	23
Paris	shower	25
Perth	fair	19
Prague	fair	26
R' de Janeiro	fair	24
Rangoon	cloudy	30
Reykjavik	rain	10
Riyadh	sun	43
Rome	fair	28
S' Francisco	sun	24
Seoul	rain	19
Singapore	shower	30
Stockholm	sun	24
Strasbourg	shower	26
Sydney	sun	16
Tel Aviv	sun	32
Tokyo	fair	20
Toronto	thund	27
Tunis	fair	35
Vancouver	shower	20
Venice	fair	28
Vienna	fair	26
Warsaw	sun	24
Washington	thund	29
Wellington	fair	11
Winnipeg	fair	26
Zurich	shower	24

JOBS: Real-life survivor tells how organisations' political problems can be tackled and tamed

The company that rose from the pit

GIVEN the vogue for performance reviews nowadays, even readers who don't regularly carry out appraisals will be used to having same thrust upon them. But how many of you, I wonder, have had a managerial colleague spontaneously approach you and say: "I'm most interested in hearing from you about things which you think I could improve my performance by changing. Also, any things that you believe are important, yet you believe that I do not see."

The Jobs column's guess is that it hasn't happened to very many of you, although no doubt the odd case occurs. Even when it has done, however, I'd take bets that the colleague wasn't the chief executive of your company.

The sole recorded instance I know of is in the outfit I wrote about four weeks ago. As enduring readers may remember, it was set up by seven high-fliers who'd decided they could no longer bear the organisational politics in the separate management consultancies where they had worked before. Their avowed aim in establishing their own consultancy was that its internal dealings would be open and straightforward.

Alas, it nevertheless soon turned into a political snake-pit at least as bad as any they had left. The worst of the slithery manoeuvring, moreover, was being perpetrated by the seven founder-directors themselves. Fortunately, unlike the numerous top managements that turn a blind eye to such counter-productive problems, they elected to tackle them and called in Harvard University professor Chris Argyris to help to set matters to rights.

In his book* on the remedial project, the professor tells how the one of the seven who'd been made chief executive decided that, as he appraised the work of his six fellow-founders, they should be given a chance to appraise his. He therefore called them all to a board meeting, and began with the words I quoted early on.

My own impression that such events are unusual is confirmed by Chris Argyris, who says: "Rarely does a chief executive officer bring his or her group together in order to review the CEO's performance. A few CEOs might hold a private review with a close colleague. Few would consider doing it with their entire group, and even fewer would actually implement it."

That set me wishing – along with well over a dozen other people who have inquired these past weeks – that I knew the consultancy's name. After all, such an unusual chief executive would surely have interesting things to say. But since the professor scrupulously refrains from identifying the outfit, I'd settled for disappointment... until the fax suddenly reeled out a message from the rare specimen himself.

He is 39-year-old Mark Fuller, and his consultancy is the Monitor Company based in Cambridge, Massachusetts. He tells me it started in 1983, and over the next three years grew to employ nearly 100 people. Meanwhile, however, the distrustful politicking was blocking useful action to the extent that the business was in danger of breaking apart.

Then came the decision to call in Chris Argyris and start the remedial programme. And what is the result?

Today, Monitor has over 460 on its payroll, including 350 consultants. It has three United States branches and others in Toronto, Tokyo, Seoul, Milan, Munich, Madrid and London besides the European headquarters in Amsterdam. The chief executive says US clients include 17 of the top 35 companies listed by Fortune, and comparably substantial organisations in other lands. "So getting to grips with our political difficulties looks to have paid off," he adds.

Since the task must have sharpened his consultant's eye for similar snake-pits elsewhere, does he think that the problems which bedevil organisations are more often political than of the financial or other technical kinds?

"In most cases I see, not only are the majority of the problems political, but the proportion is growing. Companies have greater technical resources than they had in 1983 – spreadsheets, for one example. But that kind of expertise can't help if there are taboos on sharing or even collecting certain information, or when the truth dare not be told."

Does he agree with Chris Argyris that the prime cause of such troubles is, not anything anyone does badly, but a polished skill virtually all of us begin acquiring before we can walk?

(The professor thinks the root is the defensive tactic of countering personal threats by first bypassing the problem, then covering up the by-pass, covering up the cover-up and so on. Hence the law of organisational stupidity named after him, Argyris's Archetype, which states: *The more threatening a problem to those responsible for solving it, the deeper it will become ingrained under ramifying layers of camouflage.*)

"For the most part, yes," Mark Fuller says. "The root is defensive manoeuvres by individuals, although the trouble doesn't always start in the top ranks as it did with us. But when it does, it sure as hell cascades downwards, spreading and intertwining as it goes."

When Monitor's consultants see a client concern is stricken by politicking, how safe do they feel in saying as much to its chiefs? After all, the top bosses may well owe their own positions to playing the power game better than more technically capable people below.

"Well, that might be so – and the only reason they're offering us an assignment could be that they want a report that helps their play. But in that case, it would soon be clear to both them and us that we wouldn't get along. If we're going to be able to help clients, we must be free to tell the truth."

There are, however, more and less useful ways of telling it, he adds. One of the lessons Monitor has learned from Chris Argyris is that people's self-protective manoeuvring can only be made worse by talking to them in a way that makes them feel more threatened than they were in the first place. Discussions must be "crafted" to avoid triggering defensive reflexes.

"So long as that's done," Mr Fuller says, "we find clients are more and more ready to face up to what's really stopping them from being effective. For one thing, they'll usually have tried out technical prescriptions like total quality and so on, and found they don't work. For another, these days there are fewer safe havens where businesses snarled up by power games can survive.

"Of course, that doesn't apply in the not-for-profit sector, where they're still flourishing – and I don't simply mean government organisations. Universities, for example, are as bad as any."

Nor would he except the schools of management. Although he has lost the close knowledge of them he had as a student and tutor at Harvard Business School, they strike him as paying scant heed to political problems as opposed to the technical sort.

"Mind you, universities aren't geared to teaching the lessons we've had to learn. The only way is by concentrated experience which is evilly frustrating because, try as you might to get rid of them, the defensive routines keep reasserting themselves. There's so much deep habit to be unlearned before you can start learning to act differently. Even though it's seven years since we called in Chris Argyris, we're still short of a clean bill of health.

"But there's one thing I can assure you. Nobody who had changed to the new way of working would ever want to go back to the old one."

Michael Dixon

**Knowledge for Action. Jossey-Bass, San Francisco (ISBN 1-55542-519-4). $29.85.*

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- Able to originate and complete transactions, monitor and realise investments. Excellent investment judgement essential.
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BANK OF GHANA *VACANCIES*

The Bank of Ghana based in Accra, Ghana is the Central Bank of the Republic of Ghana. The Bank is currently undergoing institutional strengthening to enable it to perform efficiently its core Central Bank functions in a liberalised environment through financial and organisational restructuring.

In this regard external financing facility has been raised to enable the Bank to fill vacant positions for which applications are sought.

1 MONETARY ECONOMIST

Well versed in monetary policy analysis and the financial markets, the appointee will be required to undertake the following:

- Review the bank's Open Market Operations framework and advise on further measures to enhance its effectiveness including the development of new market instruments.
- Undertake together with existing staff relevant studies to improve the conduct of monetary policy and the orderly development of the function financial markets in Ghana.

REQUIREMENTS:

- Relevant Phd. or Master's Degree together with familiarity in the use of IT tools.
- Proven high-level professional experience.

2 ACCOUNTING SPECIALIST

The bank has taken the major step of integrating all accounting functions previously scattered among the various operational centres. The objective is to maintain an efficient accounting system to ensure that all transactions are recorded in the proper books of accounts and that these portray a true and fair view of the end of period results of the bank's operations and also of its financial position at any point in time. Other ancillary measures taken include the development of a new Chart of Accounts for easy identification of transactions belonging to broad groupings of final accounts headings.

The bank now requires the services of an Accounting Specialist for the following tasks:

- Review of accounting system of the bank to assess its efficacy for the attainment of the stated objectives.
- Design and install an appropriate accounting system for central bank application.
- Design and install a chart of accounts for easy identification of transactions and facilitate report preparation, particularly as regards transactions on Government accounts.
- Design and install an effective budgetary control system to meet monitoring and reporting needs.
- Redefine roles in the finance function to eliminate overlaps and gaps in responsibility without impairing efficiency.
- Review the Reconciliation function and implement measures that will promote the speedy elimination of discrepancies.
- Design and install an efficient payroll system.
- Establish an efficient data-base and back-up to the accounting system.
- Design a system for the maintenance and management of source input documents such as vouchers, cheques etc.

REQUIREMENTS:

- Internationally recognised professional qualification in Accountancy.
- A minimum of ten (10) years post qualification experience in a Top Management position in a Central Bank with specific responsibility for accounting functions.
- High level professional experience in IT design and central bank accounting software applications.
- Rich experience in Financial Accounting, Management Accounting and Finance.

Duration: Not exceeding 6 months.

3 I.T. SPECIALIST

An Information Technology Plan (ITP) has been developed for the bank to be fully implemented over a period of three years, and the bank requires the services of an I.T. Specialist for the following aspects:

A. i) To review the work done by the local consultant on Computerisation Programme in the Bank especially the software engineering and the hardware technical architecture.

ii) To assist in determining and analysing workloads, volumes and mode of use of machines so as to establish the power of requisite equipment.

iii) To assist in developing technical specifications for Tender documents as well as evaluation criteria.

iv) To assist in defining the pre-implementation tasks especially the development of technical specifications of the application systems identified in the I.T. Programme.

v) To assist in the implementation of the Mainframe - PC linkages.

B i) To review user and functional requirements and in identifying critical areas not currently covered in the ITP but which may be needed in the future.

ii) To develop new procedures, controls and security measures to streamline processing of Banking Operations and of new information systems.

PROFESSIONAL BACKGROUND

To be able to perform Duties listed as A(i) to A(V), the Consultant must be an I.T. Specialist with wide experience and expertise in software engineering. Extensive experience in the design, installation and testing of Wide Area Networks, Mainframe and PC connectivity and Network Integration.

The Consultant must have extensive experience in senior management position in a Central Bank or must have undertaken extensive consulting assignments in central banking and also have knowledge of automation and functional procedures in central banking operations environment. This is particularly required in performing Duty Items No. (B).

SERVICES DELIVERY PERIOD

Services are required during three of a six stage (tasks) plan period:

STAGES 1&2: 3 MONTHS
For performing tasks relating to Duties A(i), A(ii), B(ii).
THIS IS REQUIRED IMMEDIATELY.

STAGE 3: 3 MONTHS
For performing tasks identified under Duties A(ii), A(iv), B(i). Required during Hardware/Software procurement phase.

STAGE 6: 4 MONTHS
For task item A(v) and post implementation reviews. Required during implementation phase.

Duration: ***Should not exceed maximum of ten man-months (10 months) consultancy services.***

4 FOREIGN EXCHANGE SPECIALIST

A liberalised macro-economic environment has been established in Ghana under Structural Adjustment programmes dating back to 1986. The exchange and payments system of Ghana have accordingly been freed from controls and Ghana is proceeding to Article VIII status in the I.M.F.

A modernised foreign exchange trading and reserve management function is being established in the bank and the services of a Foreign Exchange Specialist is required for the following:

- To develop the foreign exchange management function by defining optimum portfolio diversification and liquidity.
- To establish counter-parties for tailored deals.
- To institute performance evaluation system.
- To identify training needs of staff and recommend training strategies.
- To review the interbank market for foreign exchange in Ghana and suggest measures for the achievement of resilience in the market including forward market operations etc.

REQUIREMENTS:

High level professional experience in foreign exchange and the financial markets.

Duration: 3 months

REMUNERATION:

Remuneration for all positions (including passage) payable in foreign currency, attractive and negotiable.

Preferred ages 35+. Applications should reach the Bank not later than 30 July, 1993, and are to be addressed to:

THE SECRETARY, BANK OF GHANA, P.O. 2674, ACCRA, GHANA
Telex 2052 GH, Telephone 233-21-662395 / 233-21-666241

MARTIN BIERBAUM DERIVATIVES

The Martin Bierbaum Group now employs more than 800 staff in 10 offices in the world's major financial centres. Following the recent acquisition of 100% of this international money and securities broker by TRIO HOLDINGS PLC, a fully listed Public Company, opportunities are being sought to extend the existing product range, complementing the Group's traditional strength in Foreign Exchange broking, and in particular a global strategy has been implemented for the broking of derivative instruments.

A new dealing room in the London offices has been commissioned and the first brokers recruited for a new team focusing on derivatives, whilst the existing teams in New York, Frankfurt and Hong Kong are being substantially strengthened.

OPPORTUNITIES EXIST to join the new broking team at its outset with the goal of creating a centre of expertise, innovation and excellence in all aspects of monetary derivatives including interest rate swaps, interest rate options, caps, collars, floors and swap options. Successful candidates will need to possess:

- *Degree at least II or better, or recognised post-graduate or professional qualification.*
- *English plus at least one other language.*
- *Age below 30.*
- *Relevant banking, dealing or broking experience.*
- *High motivation, outgoing personality, drive and enthusiasm.*
- *Computer literacy.*

Please contact in strictest confidence:

David Hagan, Executive Chairman, TRIO HOLDINGS PLC 4 Deans Court, London EC4V 5AA (071-489 8033)

McKinsey & Company

What can McKinsey offer a high-flying ACA?

As an outstanding performer with a leading accountancy firm or blue-chip business, you will naturally have high career aspirations - and you may also be keen to broaden your experience. If so, management consulting at McKinsey can offer you both diversity and intellectual stimulus - as well as access to top decision-makers.* At the same time, it will provide high-level participation in key financial and general management issues.

We continue to recruit high-calibre people from a variety of disciplines in order to provide our clients with the fullest range of expertise, and exceptional ACAs already thrive in our demanding multi-disciplinary environment. We are now looking for a number of individuals who combine an excellent academic record (2.1 or better and consistent first-time passes) with between 3 and 7 years' impressive post-qualification experience. Significant exposure to areas other than mainstream audit - such as commercially-focused special assignments - is a prime requirement.

As one of the world's leading management consultancies, we can offer you the opportunity to work with the top management of major corporations on issues of strategy and organisation designed to effect substantial improvements in performance. Such experience, gained within an organisation committed to excellence, will serve to accelerate your personal development - whether you intend to rise within McKinsey, or ultimately move into general management.

Whilst these opportunities are based in London, client engagements are undertaken throughout the UK, and there may also be opportunities to work overseas. First-class salaries are complemented by an extensive range of benefits including company car and relocation assistance if appropriate.

We are also interested to hear from any non-ACAs who have gained comparable high-profile experience in corporate finance or securities and investment regulation.

To apply, please send your detailed cv to Ms Sarah Webbe, Recruitment Manager, McKinsey & Company, 74 St James's Street, London SW1A 1PS, to arrive no later than Friday 16th July 1993, quoting ref: CA/FT/93.

INTERNATIONAL CONSULTING FIRM SEEKS ASSIGNMENT TO UKRAINE AND RUSSIA PROFESSIONAL BANK CONSULTANTS IN:

- Audit
- Information Systems
- Back office
- Risk management
- Cash management
- Branch management

Minimum period 3 months to one year. Accommodation provided.

Previous experience in Eastern Europe or former East Germany will be appreciated.

Knowledge of Russian a plus.

Please send your C.V. and photo to: Box B1560, Financial Times, One Southwark Bridge, London SE1 9HL

The London Branch of a major European Bank requires a

CREDIT ANALYST

Salary £18,000 - £21,000 p.a. plus benefits

Minimum 2 years experience.
Knowledge of Lotus 123/Windows useful but not essential.

CV's should be sent to: Box B1569, Financial Times, One Southwark Bridge, London SE1 9HL

Midland Global Markets

Head of Compliance

City — Substantial Package

The recent formation of Midland Global Markets brings together the highly successful treasury and capital markets operations of Midland Bank and HongkongBank in London, New York and Tokyo.

The merger of activities has created the need for an accomplished compliance professional to join in the new position of Head of Compliance, Midland Global Markets.

Reporting to the Treasurer, Global Markets and the Midland Bank Compliance Director, the appointee will have direct responsibility for managing the compliance function in London, New York and Tokyo, ensuring global co-ordination. He/she will work closely with line management in the three centres, providing a high quality advisory service in respect of new and existing regulations.

Candidates for this challenging new role should be qualified professionals with a minimum of five years' compliance experience in the treasury and capital markets areas. Detailed knowledge of the regulatory requirements of the Bank of England, SIB, SFA, the Stock Exchange, LIFFE, the SEC and other international regulators is essential, as is familiarity with relevant products and services.

In addition to good interpersonal and communication skills, important personal attributes will include excellent analytical ability and a constructive approach to problem-solving.

The competitive remuneration package includes the full range of banking benefits.

Please send a detailed CV to GKRS at the address below, quoting reference number 200J and including details of current remuneration and availability.

GKRS

SEARCH & SELECTION

Clarebell House, 6 Cork Street, London W1X 1PB. Telephone: 071 287 2820

A GKR Group Company

Gas Marketing Manager

AUSTRALIA

The Broken Hill Proprietary Company is an Australian multinational resource company. BHP Petroleum is a wholly owned subsidiary of BHP and is expanding its exploration, production and refining business worldwide. In particular it is developing and expanding its natural gas business and associated products in Australia.

This is an opportunity to join the Company in a key position which will have a significant impact on our profitability in the next decade. BHP Petroleum is one of Australia's largest producers of natural gas and associated products, total sales being in excess of $530 million.

As the Manager, Southern and Eastern Gas Businesses, you will be responsible for significant leadership in the marketing and effective commercialisation of existing and future gas resources in South Australia, Victoria, Tasmania, New South Wales and Queensland. You will report to the General Manager, Bass Strait and Natural Gas in the Australia Division and will be located in our Melbourne Office. The Division is presently deploying quality initiatives as a central thrust of its objective of achieving significant shareholder value growth.

You are an experienced gas marketer with a proven record of developing profitable businesses: a creative and independent strategic thinker and a performance focussed leader with negotiating skills of the highest order.

You will be required to improve the future profitability of the Division by enhancing the value of existing contracts and developing new and existing markets. Additionally, you will manage key business development strategies, and lead your team in negotiations with governments, joint venture partners, gas and electricity utilities, industrial consumers and internal BHP customers. You will also have the ability to lead and to participate effectively in multi-functional cross department teams with a high degree of customer focus.

You will have an honours degree in commerce, law or a technical area with a minimum of 15 years' business experience. At least 10 years should have been in the oil and gas industry including direct responsibilities in initiating, negotiating and implementing the commercialisation of gas resources and business development: preferably including negotiating with governments to shape the industry. Experience in power generation and combined heat and power would be valuable.

We are an equal opportunity employer and have a non-smoking work environment.

Written applications should contain full particulars including qualifications, experience and telephone numbers (business and private for easy contact), be marked 'Confidential' and addressed to the Company Recruitment Adviser:

Alasdair Graham Associates
97 Ayr Road, Newton Mearns, Glasgow G77 6RA.
Fax: 041-639 2918.

BHP Petroleum

U S INVESTMENT BANK

City

As part of its commitment to an expanded role in international markets, the London office of a major US investment bank is seeking experienced Swap, Latin American Debt Trading and Capital Markets Origination professionals to join the Syndicate-Capital Markets Group. This highly skilled team specialises in the origination and syndication of international debt and equity products for an institutional client base.

Swaps — £45k + Substantial Package

The successful applicant will assist in the structuring and transacting of currency and interest rate swaps based on a thorough technical background in Swaps, and is expected to make a significant intellectual contribution to this creative and highly motivated team. There will also be opportunities to become involved in sophisticated multi-currency bond issues and to maintain marketing contact with a number of European institutional borrowers.

The ideal candidate, aged 24-28, will have a strong academic background with a good first degree and/or finance MBA, combined with at least 2 years' specific Swaps experience. Maturity, enthusiasm and independence of mind should be combined with an astute analytical approach. This confident and articulate individual will have excellent presentation and interpersonal skills.

Capital Markets Origination Mexico — Substantial Package

To form part of global emerging markets operation. The successful candidate will have relevant experience gained at a senior level in the financing of Mexican companies in the international markets. Fluency in English and Spanish is a prerequisite.

The ideal candidate, aged 28-34 will possess a good first degree in finance or economics combined with at least 2 years experience in the relevant field.

For each position the remuneration package will comprise an attractive base salary, significant performance-related bonus and other benefits.

Latin American Debt Trading — Substantial Package

An opening exists for an experienced trader of Latin American Eurobonds and Money-market products. The successful candidate will have substantial experience in the relevant field, probably gained at a global investment banking institution.

The ideal candidate, aged 26-32, will possess a good first degree in finance or economics. Fluency in Spanish and/or Portuguese, while not essential, would be an advantage.

The investment bank is an equal opportunities employer.

Applicants should send a comprehensive CV to Box B1570, Financial Times, One Southwark Bridge, London SE1 9HL

SENIOR CREDIT ANALYST

MANCHESTER

Salary to £25,000 + Banking Benefits

An exciting opportunity to join one of Europe's foremost Banking Groups in a role of key importance.

The Position

- A member of the Corporate Banking Team with responsibility for analysing and evaluating complex financial information and preparing and presenting credit applications
- Providing reasoned recommendations on the pricing and structuring of new facilities for major corporates.
- Monitoring a large portfolio of corporate relationships to ensure that financial analysis and credit reviews are conducted within specified timescales.

The Profile

- Highly numerate with a minimum of four years corporate credit experience preferably gained with a City based International Bank.
- A thorough understanding of trade finance and treasury products and their impact upon credit and risk management.
- A team player with the ability to communicate effectively at all levels.
- Preferably a graduate and ACIB qualified.

Please write enclosing full CV to Nigel Blakey, ACIB, CBC Associates, Chapel House, Borough Road, Altrincham, Cheshire, WA15 9RA or telephone 061 926 9279 to 8pm. Fax 061 929 9017.

CBC ASSOCIATES

Offices in Manchester and London

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Aged 28-48, an accomplished high achiever, probably with some sales experience, you're aiming for a long term career with good promotion prospects. Here at Meyado we provide you with comprehensive training and support to enable you to be successful as one of our International Financial Consultants in Frankfurt, Hamburg or Munich.

Meyado's clients are expatriate men and women like you. They rely upon their personal consultants to manage their finances effectively. That's why we take great care in both the selection and the training of our consultants. Do you have the commitment and the ambition to build an exciting new career with us, and be stimulated by the demands as well as the benefits of a serious results orientated package? Then send a full curriculum vitae with a covering letter, telephone number and a photograph to:

Martin E. Young
Meyado International Ltd
Westend Str 19, 60325 Frankfurt (A.M) Germany

Interviews can be arranged in Frankfurt.

ALLIED PROVINCIAL SECURITIES LIMITED

A Member of The Securities and Futures Authority and The London Stock Exchange.

RESEARCH ANALYST
Birmingham

Allied Provincial was formed in 1986 by the merger of 8 regional Stockbrokers. Our strength is in personal contact and through our national network and local roots we offer a service that rivals any of the country's leading Stockbrokers. As niche players and one of the most active in the smaller company sector, Allied Provincial have extensive experience in fund raising and bringing companies to the Stock Market.

Due to the continued success of our Birmingham operation we are now looking to recruit an experienced Research Analyst for our highly skilled Corporate Services/Institutional teams. As a key member you will provide support on fund raising activities and aftercare for our smaller companies in addition to general research in the sector.

Aged under 40 years you should already have a proven track record in small company research for a major Stockbroking firm. This opportunity represents a real career move for those seeking to progress to Associate Director in the short term. Salary is fully negotiable and includes generous benefits. In addition, assistance with relocation is available where necessary.

If you would like to know more, please contact our Recruitment Advisors, Sue Pedley or Ian MacGregor, in complete confidence at:

PEDLEY ▲ MACGREGOR

Berwick House, Livery Street, Birmingham B3 2PB
Tel: 021-200-5995 Fax: 021-200-5775

Banco Español importante establecido en Londres hace varios años como sucursal, desea nombrar

JEFE DE OPERACIONES

Estamos buscando persona con experiencia en puesto similar, que será responsable de la administración, contabilidad y control de las operaciones de la sucursal.
Es esencial el conocimiento profundo del castellano.
Se ofrecen condiciones atractivas.

Enviar curriculum vitae al Box 1568, Financial Times, One Southwark Bridge, London SE1 9HL

CITY UNDERWRITER
£35,000 aae

Our client a member of a world wide group of companies is currently looking to recruit someone from a banking or corporate treasury background.
The successful candidate will possess an outgoing personality and an ability to deal directly with high level personnel. A full understanding of guarantees and performance bonds alongside an ability to interpret and understand financial statements is essential. Commercial knowledge of the property/construction sector a distinct advantage. Interviews immediately.

Please call Patricia Mackinnon now on 071-588 0115 or Fax her on 071-638 2729

FUND MANAGEMENT COLLABORATION IN INDIA

An Indian corporation, in strategic affiliation with one of the world's largest fund management organisations, seeks a qualified professional experienced in equity research or fund marketing to head its new Indian asset management project. Please contact Daljit Chima on Telephone 071-494 0408 or Fax 071-494 0814

Fund Manager

UK Equities

As a result of the continuing growth of funds under management, an exceptional career opportunity has arisen for a young UK equities investment professional to join the International division of Morgan Grenfell Asset Management. The position offers immediate fund management responsibility for the UK investments of a number of international portfolios as well as involvement in client reporting for global and European mandates. In common with other fund managers, the incumbent will have research responsibility for a UK sector.

The appointment is likely to appeal to graduates with 2-3 years' experience in UK equity research who are now ready to assume fund management responsibility and who are keen to gain wider international exposure. Candidates must have gained a thorough grounding in fundamental analysis and possess well-developed communication skills.

An attractive salary and benefits package is offered together with excellent career development opportunities. If you would like to be considered, please write in confidence to: **IMR Recruitment Consultants, No. 1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW (Tel: 071-872 5447).**

I M R

INVESTMENT MANAGEMENT RESOURCES

Schroders International Finance Division

Schroders, a major international banking group, is seeking to recruit staff at manager and executive level to join its newly created International Finance Division.

Successful applicants will play a key role in developing Schroders international capital markets, privatisation, and project finance activities. A numerate graduate with an excellent academic record, you are likely to be in you mid-20s to mid-30s, with either experience in one of the areas outlined above in another financial institution or within a major law or accounting firm, or 2-6 years experience of financial analysis with an industrial company or consultancy. Fluency in one or more major foreign languages is highly desirable. Software experience, including the use of Excel and/or Lotus 123 is essential. Direct contact with clients will be an important part of the role and, given the cross-border focus of much of the work, you will be expected to travel both within Europe and elsewhere and be prepared to relocate abroad at short notice for substantial periods.

A fully competitive salary is offered, together with an attractive range of banking benefits.

Applications, including a full CV, should be sent, by **9 July 1993**, to Rachel Harry, Personnel Executive, J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS.

Schroders

ACCOUNT RELATIONSHIP MANAGER NON-BANK FINANCIAL INSTITUTIONS, LONDON

Attractive salary and benefits package (negotiable)

The Standard Chartered Group, which is represented in over 50 countries with particular strengths in Asia and Africa is looking for a Manager to spearhead its drive into the Non-Bank Financial Institutions market (NBFI).

The role covers all aspects of the Group's global relationships with UK-based fund managers. Key to the success of this role will be an understanding of the needs of the NBFI market and the ability to identify the products to meet them. A sound understanding of the full range of Treasury products, including derivatives, is therefore essential.

Based in London and reporting to the Regional Head of Financial Institutions, UK/Europe, this manager will communicate at senior levels both internally and externally.

If you have a record of success in developing business with the NBFI market and have good credit skills in this sector, please write to: Bob Mole, Group Human Resources, Standard Chartered Bank, 1 Aldermanbury Square, London EC2V 7SB enclosing full career details.

Standard Chartered

INTERNATIONAL FIXED INCOME FUND MANAGER

Key role in the fast growing London investment office of a global financial institution.

The company is an international organisation of the highest quality. Funds under management, which are invested mainly in Europe and the Far East, are growing fast from internal and external sources.

You will work closely with the head of the International investment function in the construction and management of portfolios worldwide. Periodic foreign travel will be required to assess local investment opportunities.

To be a candidate, you must be a graduate in a numerate discipline with at least five years' experience of international fixed income investment and, preferably, some experience of derivatives, cash management and bank relations.

This is an outstanding opportunity to develop your skills in a small, high-calibre team, using the latest investment techniques, supported by the resources of a major institution.

A competitive salary and benefits package will reflect the importance of this appointment.

To apply, in the strictest confidence, please write to: Tony Tucker, **John Sears & Associates, 2 Queen Anne's Gate Buildings, Dartmouth Street, London *SW1H 9BP. Tel: 071-222 7733. Fax: 071-222 3445.***

John Sears and Associates

Executive Search & Selection in Investment Management

A MEMBER OF THE SMCL GROUP

GRADUATE TRAINEE

A top US trading house seeks Trainee Currency Options Trader. Ideal candidate must be of graduate level with excellent mathematical/economic skills. An extra language would be advantageous.

Please send CV to Box B1566, Financial Times, One Southwark Bridge, London SE1 9HL

EMERGING COUNTRIES

Former Financial Adviser to Governments and Corporations in emerging countries with global investment banking and project negotiation background seeks consultancy or full time work. Spanish & French.

Write to Box No. B1565,

Financial Times, One Southwark Bridge, London SE1 9HL

or Fax to:

MMR 010 44 (225) 422618

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RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP

Tel: 071-588 3588 or 071-588 3576

Fax No. 071-256 8501

CJA ***Opportunity to play a key role in developing an investment product.***

CHIEF INVESTMENT OFFICER

LONDON — EXCELLENT SALARY

WELL ESTABLISHED FUND MANAGERS, SUBSIDIARY OF A MAJOR INTERNATIONAL BANK

Our client manages specialist funds and now wishes to appoint a Chief Investment Officer which calls for candidates, aged 34-40, with 8 years successful research experience in a leading financial institution or merchant bank. The successful candidate is likely to have operated as the number two in the department for 3+ years. Responsibilities will cover chairing the investment policy committee which considers asset allocations, directing and coordinating stock selection in UK and overseas markets, writing the published investment commentary, the analysing of investment performance and playing a significant role in marketing campaigns. The ability to take the key role in contributing to the organisation's successful growth in this area is important. An excellent remuneration package will be negotiable. **Applications in strict confidence under reference CIO4903/FT to the Managing Director: CJA**

CJA ***Opportunity to be part of a successful, growing institution.***

PORTFOLIO MANAGER- U.S. EQUITIES

LONDON — £50,000 +

SMALL HIGH QUALITY FUND MANAGEMENT HOUSE

Our client is a "top down" manager of multi-currency portfolios and now wishes to strengthen its US$ equity coverage. The Portfolio Manager will take the lead on the management of US funds and will also work closely with the Investment Director, playing an active part in the overall asset allocation and investment strategy. Applicants must demonstrate a top performance record. Excellent presentation skills are essential and the ability to add value in other areas of the business will be an added attraction. Initial remuneration will be negotiable £50,000 plus bonus and benefits. **Applications in strict confidence under reference PMUS4904/FT to the Managing Director, CJA.**

GENERAL MANAGER

Dubai — **(MS/9175/IHT)**

Our client, part of an established group of companies, is one of the oldest and most reputed transport companies in the U.A.E. They have a large fleet of trucks, trailers and cranes and operate extensively throughout the G.C.C. and neighboring countries. The company also operates a crusher and produces and sells a wide range of rock aggregates for the construction industry .

The position reports to the Managing Director and the selected candidate will have overall responsability for the day to day management of the company. He would be expected to play a significant role in determining the performance and growth of the company by devising and implementing innovative marketing strategies to expand the existing customer base in the fiercely competitive Middle East markets and diversifying into new markets .

Applicants should have a proven track record of 8 to 10 years in the Sales and marketing functions in the service industry,and should currently be occupying senior managerial positions. Thorough knowledge of the transportation business as well as exposure to international markets will be essential to success. Excellent communication, interpersonal and leadership skills are also pre-requisites. The preferred age is between 35 and 40 years .

The remuneration package offered will be competitive. Please apply in strict confidence within 10 days to :

A.F. Ferguson & Co.
P.O.Box 7219,
Dubai
Fax +9714 218371

Giving full details of age, qualifications, experience and salaries drawn along with a recent passport size photograph and contact telephone numbers. All applications and envelopes should be marked with the reference number "MS/9175/IHT".

The L|E|K Partnership

CORPORATE STRATEGY CONSULTANTS

The LEK Partnership is a leading firm of corporate strategy consultants. We work primarily for chairmen and chief executives on issues of competitive strategy, corporate restructuring and in the merger and acquisition field. Our clients are major corporations operating internationally across a broad range of sectors. In order to sustain growth and meet the demand for our services, we are looking for a number of highly motivated individuals to join us at the Consultant level.

Qualifications:

- Late 20's or early 30's
- Outstanding academic record including probably, though not necessarily, MBA or equivalent from a leading US or European business school
- Significant business experience
- Record of achievement and leadership

We wish to attract candidates of the highest calibre and this is reflected in a very competitive remuneration package.

Please send applications to:
(deadline July 21, 1993)

Sheila North (Ref: FTC93)
The LEK Partnership
The Adelphi Building, 1-11 John Adam Street
London WC2N 6BW

London - Munich - Paris - Stockholm - Helsinki - Milan - Boston - New York - Los Angeles - Chicago - Sydney

APPOINTMENTS ADVERTISING

Appears every wednesday & Thursday (UK) and Friday (Int'l only). For further information or to advertise in this section please call:

Andrew Skarzynski on 071-873 3607

Mark Hall-Smith on 071-873 3460

Tricia Strong on 071-873 3199

Rachel Hicks on 071-873 4798

JoAnn Gredell 0101 212 752 4500

Corporate Dealer — c£45,000

A well regarded European bank currently have an opening for an additional trader on their Corporate desk. The appointee aged c30 will have gained at least three years experience developing UK corporate client relationships and advising on hedging strategy. A thorough knowledge of foreign exchange, treasury and *off balance sheet products* is seen as prerequisite.

FRA/Futures Dealer — c£50,000

As a result of expansion this first class European bank currently seek to recruit an additional trader for their Interest Rate Risk Desk. The appointee aged 28-34 is likely to possess a Sterling bias and have gained at least two years trading FRA/Futures. A knowledge of the Cash markets and arbitrage would also be well received.

Bi-lingual Corporate Dealer to £45,000

Our client, a well regarded *International* bank, is currently seeking to develop their European Corporate/Central bank client base and subsequently have a requirement for an additional Corporate dealer. Applications are invited from ambitious, articulate individuals aged 27-33 who possess at least two years corporate dealing experience who are fluent in either French or German.

Senior Spot Dealer x 2 — to £80,000

We are currently assigned on behalf of a first class International bank to recruit two Senior Spot Dealers to complement their existing high calibre interbank desk. Ideal candidates will have traded either Spot Cable, Yen or EMS currencies for at least three years and whilst retaining a 'hands on' type role will be looking to develop their own supervisory/management type responsibilities.

For the above mentioned positions please contact Steve Cartwright.

GORDON BROWN & ASSOCIATES LTD RECRUITMENT CONSULTANTS
5th FLOOR, 2 LONDON WALL BUILDINGS, LONDON EC2M 5PP. TEL: 071-628 7601 FAX: 071-638 2738

GB *Gordon Brown*

ACCOUNTANCY COLUMN

Elusive harmony

Emmanuel Emenyonu and **Sidney Gray** assess 20 years of progress towards global standards

As the International Accounting Standards Committee celebrates its 20th anniversary this week, it is an appropriate time to consider how much progress has been made towards achieving the objective of promoting international accounting harmonisation.

Shortly after its creation in 1973, the IASC predicted in a progress report: "Provided that the initial enthusiasm and thrust with which the IASC was started is continued, its impact in the years to come will be important. It will take perhaps five to 10 years before its full effects are recognised, but after that they will increase each year. Accounts issued in every important nation of the world will comply with the standards promulgated by the IASC or will disclose the extent to which there has been non-compliance." In retrospect, this may seem to have been an optimistic prediction. In practice IASC standards have often been flexible. They have also been difficult to enforce given its lack of influence in many countries where professional accounting organisations are permitted only a relatively minor role in standard setting.

Any progress in international accounting harmonisation, or lack of it, is of course not just the responsibility of the IASC. Many other agencies are involved, including the United Nations and the Organisation for Economic Co-operation and Development, and the European Community. But the IASC is perhaps the only organisation to claim prime responsibility for promoting international accounting harmonisation around the world.

How much progress has the IASC made? What have been the successes and what are the remaining problems? Some insights into these questions can be gained from the results of our recently completed survey of five countries – France, Germany, Japan, the UK and the USA – covering 26 accounting measurement issues over the period 1971/72 to 1991/92. The aim was to assess progress in the last 20 years.

The sample covered 293 large listed companies reporting in both 1971/72 and 1991/92. The breakdown was: 25 from France, 42 from Germany, 54 from Japan, 82 from the UK and 96 from the US. Given the size and significance of these companies and the importance of the countries involved, which are among the largest economies and stock markets around the world, it would seem reasonable to expect that the impact of efforts to harmonise accounting internationally would be clearly discernible. Indeed, this is the kindest sample to choose, since a much tougher test of harmonisation would be to look at all member states of the IASC and to include both large and small companies, listed and unlisted.

We examined the annual reports in the sample published during 1971-72 and 1991-92 and highlighted a total of 26 accounting measurement issues. A "harmony index" was constructed for each measure, to assess the extent of international harmonisation. This index provides a range of values from zero for extreme diversity to one for an absolute uniformity of accounting methods.

Its calculation uses a variant of the Herfindahl index, a measure of concentration which has previously been used to study harmonisation. It is derived by multiplying the relative frequency of use of a particular accounting method across the countries and adding the results for all alternative methods. A summary of our findings in the table shows that progress towards harmonisation over the last 20 years has been mixed. Taken overall, it has been quite modest, with an increase in the average harmony index score from a moderate level of 0.6230 to only 0.6903. This is an average increase in international accounting harmonisation of only 10.8 per cent from 1971-72 to 1991-92.

There were only 14 issues showing an increase in harmonisation. In 12 cases there was in fact a reduction in harmonisation or a higher level of accounting diversity. There are significant increases in treatment of consolidation, exchange differences, the treatment of gains/losses on long-term investments, and the treatment of research and development expenditures.

It is also noteworthy that there is a relatively high level of harmonisation in respect of investments in associates, the treatment of gains/losses on the disposal of property, plant and equipment, the treatment of gains and losses on the disposal of current investments, and accounting for extraordinary and exceptional items.

Significant decreases include the treatment of goodwill, the costing of inventories, the method of depreciation, the valuation of long-term investments, the treatment of borrowing costs, the basis for providing for deferred taxes and the method of determining the cost of pensions. There is a relatively low level of harmonisation in respect of the costing of inventories, accounting for depreciation, and the basis for providing for deferred taxes.

Despite 20 years of effort, clearly there are substantial continuing problems facing those promoting international accounting harmonisation.

Emmanuel Emenyonu is a researcher at the Centre for International Finance and Accounting, University of Glasgow; Sidney Gray is professor of international business at the Warwick Business School

INTERNATIONAL ACCOUNTING HARMONISATION: 1971/72-1991/92

Index	1971-72	1992-93	% change
Consolidation method	0.0963	0.9269	862.5
Investments in Associates	0.7784	0.9376	20.4
Treatment of goodwill	0.6865	0.5441	-20.7
Rate for translating income statement of subsidiaries	0.5417	0.7039	29.9
Treatment of Translation differences	0.5377	0.5063	-5.8
Treatment of Exchange differences	0.2323	0.8136	250.2
Method used to assign cost to inventories	0.3853	0.2825	-26.7
Measurement basis for recording inventories	0.6781	0.7564	11.5
Definition of market value	0.6164	0.6990	13.4
Cost basis for recording property, plant, equipment	0.7629	0.7906	3.6
Gains/losses on disposal of property, plant, equipment	0.7093	0.9777	37.8
Method of accounting for depreciation	0.3294	0.2295	-30.3
Method of valuing long-term investments	0.8471	0.6088	-28.1
Gains/losses on disposal of long-term investments	0.5803	0.9889	85.9
Method of valuing current investments	0.5731	0.7662	33.7
Gains/losses on disposal of current investments	0.6999	0.9914	41.6
Method of accounting for borrowing costs	0.9426	0.3843	59.2
Basis for providing for deferred taxes	0.7732	0.2321	-70.0
Method of treating deferred taxes	0.4005	0.3953	-1.3
Accounting for extraordinary and exceptional items	0.9401	0.9950	5.8
Treatment of research expenditures	0.3592	0.9465	163.5
Treatment of development expenditures	0.4125	0.9098	119.5
Determination of the cost of pensions	0.9524	0.4882	-48.7
Treatment of past service costs/experience adjustments	0.9439	0.8501	-9.9
Method of accounting for long-term contracts	0.6670	0.5933	-11.0
Method of treating government grants	0.7300	0.6300	-16.0
Average Harmony Index Score	0.6230	0.6903	10.8

European Finance Director

Consumer Products

£100,000 + Benefits — South East

First class position for a talented finance professional to play a major role in the development of a fast growing European consumer products division within a top ranking British plc with substantial international interests.

THE DIVISION
- Highly regarded European consumer products business with strong brands. Turnover £800 million.
- Planning to accelerate growth throughout Europe both organically and by acquisition.
- Requires strong financial direction to maximise future business performance and profitability.

THE POSITION
- Responsible to European MD for finance, business planning, buying and information systems.
- Key role in improving operating performance.
- General management responsibility for £15m turnover subsidiary.
- Full participation in overall business strategy.

QUALIFICATIONS
- Graduate qualified Accountant/MBA, aged 34-40, with successful track record of financial management in an *international multi-cultural* business.
- Highly motivated self-starter with strong leadership qualities.
- Broad management information systems experience.
- Fluency in second European language desirable.

THE REWARDS
- Attractive base salary, highly geared performance related bonus scheme and share options.
- Significant career opportunities within the Group.

Please write, enclosing full cv, Ref LM2560
54 Jermyn Street, London SW1Y 6LX

N B SELECTION LTD
a Norman Broadbent International associated company

NBS

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Aberdeen 0224 638080 • Slough 0753 819227
Birmingham 021 233 4656 • Manchester 0625 539953

General Manager - Finance

International cellular telephone company

c$100,000 + expatriate benefits — Karachi, Pakistan

The Company
- Fast growing international cellular telephone company.
- Operations in 15 countries worldwide.
- Pakistan operations: 160 employees and c$20m turnover.

The Position
- Head of Finance and de facto deputy to Managing Director in Pakistan.
- Responsible for 40 staff including all banking and finance functions; accounting systems and controls; data processing; company secretarial and administration.

Experience and Profile
- Hands-on finance experience in Pakistan or similar geographic area.
- Experience in flexible, fast-moving commercial or industrial company.
- Probably aged 35-55, mature and stable, the successful candidate will have the ability to be involved in detail and to lead by example.

Please write, in strict confidence, quoting reference 3022/FT to the Company's Advisors at Otteridge & Company, Griffin House, 161 Hammersmith Road, London W6 8BS enclosing full career details, salary history and daytime telephone number.

OTTERIDGE
& COMPANY

FINANCIAL CONTROLLER

EMERGING MARKETS

Czech Republic — Attractive Expatriate Salary + Benefits

An exciting opportunity has arisen within the Czech operation of this highly profitable blue-chip PLC. A market leader in the field of environmental services, our client has expanded significantly in the last 2 years, and is poised for further growth.

Consequently, a Western-trained finance executive with strong commercial and business skills is required. Reporting to the Managing Director in the UK, and the General Manager locally, your challenging role will include:

- **Establishing an accounting system to UK standards**
- **Financial and business planning**
- **Taxation**
- **Local statutory accounts**
- **Cash Management**
- ***Sourcing and training of local staff***

The successful candidate will possess local language ability, a recognised Accounting qualification (ACA/ ACCA/CIMA) or the equivalent international training, and at least 5 years' finance experience.

You should have strong technical, analytical and organisational skills, a "hands-on" approach, and the wish to succeed in a demanding and developing environment.

Future career prospects exist in the Czech Republic, its immediate neighbours and more widely *internationally for achievers.*

If you can meet this challenge, then telephone or write to Jeremy Williams, quoting Ref: JW/II 1077.

Africa House, 64-78 Kingsway, London WC2B 6AH
Telephone: 071-404 5591. Fax: 071-430 2393

LM LLOYD MORGAN
financial recruitment consultants

SEARCH ◆ SELECTION ◆ ASSESSMENT

FINANCIAL CONTROLLER

VOLUME MANUFACTURING

Circa £35,000
Benefits
Car

Hampshire Coast

Effective financial management is of vital importance in any organisation and especially so in cost-conscious, high-volume manufacturing. This successful company operates in just such an environment, where it is the acknowledged market leader in a specialist industrial niche.

They now require a fully qualified accountant, preferably CIMA, to lead the finance department. Reporting directly to the Managing Director, you will be a full member of the management team and have responsibility for a staff of six.

Probably in your thirties and with good manufacturing industry experience gained in a medium-sized company, it is essential that you can demonstrate the cost discipline required for success in low-margin, high-volume production. A knowledge of computer-based, *integrated product costing and the design and use of financial models would be distinct advantages.*

Success in this demanding role, which will test even the best prepared and most experienced candidate, *will bring early promotion to Financial Director. Naturally, the position* attracts an excellent benefits package which includes a fully expensed company car, company pension and private healthcare.

If you believe that you have the drive, tenacity and flair we seek, please send your CV and current salary details to:

Ramsey Hall Associates, 9 Carlton Crescent, Southampton, Hants SO1 2EX. Please quote reference S03088/FT.

All applications will be acknowledged and handled in the strictest confidence.

RAMSEY HALL ASSOCIATES

Finance & Administration Manager

London/Essex — To £35,000 + car + benefits

Our client, a leading transportation company with a global presence and an enviable reputation, has developed a strong network of operations throughout Europe. In the light of continued expansion, it now wishes to recruit an experienced manager to play a crucial role in establishing and running a new operating subsidiary.

Reporting to a marketing orientated Managing Director, you will assume responsibility for identifying and securing premises, recruiting an appropriate team and establishing accounting and administrative functions for the business. The role will involve liaising with, and co-ordinating financial reporting/control activities for, offices throughout the UK.

The appointment calls for a qualified accountant, probably aged 30-40, with a successful record of achievement in a comparable role encompassing both finance and administration. Previous exposure to a start-up situation would be advantageous. You will be adaptable, energetic, a proven team builder and familiar with the sensitivities of operating within an international environment.

Interested candidates should write to Tim Knight, enclosing full career and salary details, quoting reference 8214/2.

KPMG Selection & Search
1-2 Dorset Rise, Blackfriars, London EC4Y 8AE

AFFICHE EUROPEENNE

FINANCE MANAGER

£30,000 + Car — WEST LONDON

Affiche Europeenne is Europe's leading printer of poster advertising material. Recent acquisition of the Mills & Allen Printing Group in the UK has created a vacancy for a young Finance Manager to liaise between the European and UK operations.

Reporting to the European Director in Belgium, you will work within a finance team responsible for all management information reporting and international control during the reorganisation of three operating sites.

Ideally you will be 2-3 years' qualified with experience in the manufacturing sector and be looking to take on considerable responsibility in a position offering excellent management prospects.
Fluency in French is an essential requirement to this role.

Please apply in writing to:
Stephen Williams or Ben Colman, CEDAR International,
15 Bloomsbury Square, London WC1A 2LJ.

CEDAR INTERNATIONAL
CORPORATE • EXECUTIVE DEVELOPMENT • AND • RESOURCING • PLC

Finance Manager

International Information Services Group
Position Based in Hong Kong

Our client is a world leader in providing the global news media, financial and business communities with general and specialised news and real-time financial data. A number of regional operations report to the Hong Kong office which is one of the key *centres in the group's global network. Due to* dynamic business growth, management wishes to appoint a mature and career-*oriented financial professional to* manage the regional entities and participate in strategic decision making.

The appointee will assume a highly challenging and multi-faceted role which will involve maintaining a strong *controllership orientation over* entities in the East Asia region, providing high level support on finance, accounting, tax, systems and *commercial issues. As a senior member of* the management team the incumbent will provide timely and accurate financial and *statistical data to top management and* participate in budgeting and working capital and balance sheet management. Involvement in financial planning and assessment of special regional projects, including new business proposals, necessitating presentation to the board and key managers, will also form part of the responsibilities of the role. Occasional travel is required.

Candidates, in their early to mid 30's, should be degree holders, preferably educated overseas, and qualified accountants. Working experience should include several years progressive and diverse financial experience in a multinational commercial or financial services environment together with excellent hands-on experience of financial reporting on an international basis. Exceptional and innovative PC skills are also important and a good understanding of financial management issues such as transfer pricing and arranging banking and finance matters is useful. Outstanding leadership skills, diplomacy and tact are key personal qualities required. In addition, superior communication skills in English and Chinese are essential. Preference will be given to candidates with recent working experience in the Asia Pacific area.

A highly attractive remuneration and benefits package, including housing loan interest rate subsidy is offered. Please apply in confidence with full career details, salary history and a telephone number, quoting Ref. No. 377 to:

Executive Recruitment Services
Price Waterhouse
GPO Box 690 Hong Kong

Price Waterhouse

ROBERT HALF & FINANCIAL TIMES INVITE YOU TO A FREE BUSINESS BREAKFAST

If you wish to attend the Free Business Breakfast please write stating your company name and job title to:-

Rachelle Nelson at Robert Half
Walter House 418 The Strand
London WC2R OPT

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EUROPE'S BUSINESS NEWSPAPER

LEADERSHIP & MOTIVATION

on Wednesday 21st July 1993 at The London Marriott Hotel, Grosvenor Square London W1
8.15am to 9.30am

Every manager aspires to be an outstanding leader. Why? Because people 'work for a manager or boss but they do their best for a leader'. There is a ready realisation that ten *well led people will easily out* perform thirty who are badly led. As a result over the years there has been considerable investment in training for leadership.

The most effective and enduring of all approaches has been Action-Centred Leadership (ACL) which identifies three sets of actions - namely 1) Achieve the Task 2) Build the Team *and 3) Develop Individuals* - which every effective leader must take and subsequently sustain in a sense of harmony. *Dr Julian Feinstein the head* of Leadership Training at Leadership Development Limited (LDL) takes this elegant and easily comprehensible approach one stage further and discusses how the ACL model can and should be used as a decision making model to deal with business situations.

However, an appreciation of the functions of leadership is not enough if Directors and Managers are to motivate and inspire. In the time available Dr Feinstein identifies two *further key points* which leaders might incorporate into their repertoire of responses and which in turn will assist them to acquire leadership characteristics which are much admired but too seldom understood.

LDL will very soon be celebrating its 20th anniversary as a major provider of training and consultancy services to the UK market place. Specialising in professional selling and *negotiating skills, leadership* and personal development. LDL has always placed strong emphasis on providing not only state-of-the-art skills and ideas to its international client base but also the drive, determination and motivation required to put the skills into practice.

Dr Feinstein, a Director of LDL has for over fifteen years explored every avenue associated with leadership. In particular, he has *focussed on how leadership skills* might best be conveyed to business professionals. For the past ten years he has been with LDL, where, besides his innovative work on leadership he has pioneered sales training for professional people and found his public speaking skills in constant demand.

In a more personal capacity, Dr Feinstein has been keenly involved in the sporting world, where he serves as President of a thriving sports federation.

Places at the Breakfast are strictly limited

whiteheadselection

Chief Internal Auditor

Develop your career with a blue chip financial services business

Southern Home Counties

To £50,000 + bonus + share options + car

This is one of the top names in the financial services sector. Internal promotion has resulted in this opportunity to head up a department that is regarded as one of the best in the industry. The role carries responsibility for financial and computer audit throughout the Group, and offers excellent prospects for progression.

Reporting to the Group Finance Director, you will be responsible for managing a team of highly qualified and motivated staff. Enjoying considerable autonomy, you will work closely with the business units, adding value by making commercial recommendations and continuing to develop the function and its role as a source of financial management for the Group.

A qualified accountant, probably aged 35-40, you will have had experience managing an audit function, either within professional practice or a large corporate. Experience in financial services is not essential. The ability to promote the function to the business units is vital, and will require strong influencing skills, commercial awareness and sound management ability.

Please write with CV, quoting reference 2166, to Susan Ryder, Whitehead Selection Ltd., Blagrave House, Blagrave Street, Reading RG1 1QA. Telephone 0734 585158

A Whitehead Mann Group PLC company.

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Company Secretary/Head of Legal

Northern Home Counties

c. £65,000 + bonus + benefits

The company is a highly profitable, international business generating sales in excess of £150m to major organisations across a range of market sectors. A well-known leader in its field, its competitive edge is increasingly built around customer service excellence and it intends to seek a Stock Exchange listing within the next two years.

The appointment of a high-calibre Company Secretary/Head of Legal Department is an essential part of the company's continued development. You will report to the Finance Director and be supported by a small team including qualified lawyers. In addition to the normal legal/secretarial responsibilities, important elements of this varied role will be management of the commercial contracts function and substantial involvement in the company's planned flotation.

Candidates are likely to be graduates with a legal qualification followed by several years' commercial experience gained in a large, international business. ICSA membership would be advantageous. The position calls for an ambitious, positive-minded individual capable of developing a team and achieving rapid credibility at a senior level.

Please write enclosing a full CV, quoting reference 625B, to Nigel Bates, Whitehead Selection Ltd, 43 Welbeck Street, London W1M 7HF.

A Whitehead Mann Group PLC company.

whiteheadselection

HOME COUNTIES **c £55,000 + BONUS**

Finance Director

This extremely challenging position is with the UK subsidiary of a major international beauty products manufacturer with a turnover currently approaching £100m.

Working closely with the Managing Director, you will have a broad commercial role which encompasses finance, information technology and logistics. An obvious priority will be to manage and strengthen overall financial control and reporting, to accommodate considerably increased business activity.

A qualified accountant, you will have experience of heading up the finance function in a substantial business. This will ideally have been part of a brand-led international fmcg manufacturer renowned for tight control and detailed reporting. Experience of acquisitions will be helpful. You must be strong in all commercial matters, whilst being at the same time a team player and motivator.

This is a high profile, career position with a leader in a buoyant sector and as such is an exceptional opportunity.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Limited, 9 Greyfriars Road, Reading RG1 1JG, quoting reference AE878 on both envelope and letter.

Coopers & Lybrand Executive Resourcing

PLYMOUTH **c £35,000 + CAR**

Systems and Administration Controller

The Plymouth and South Devon Co-Operative Society is a successful independent co-operative with a turnover of around £200 million. This position is with the Food Division which accounts for three quarters of turnover. Activities include retailing via Superstores, Supermarkets, Late Shops and Smaller Food Stores and manufacturing dairy products.

Your prime task will be to manage all aspects of the Food Division's systems and the service provided by Data Processing plus the Division's administration and accounting functions. A major new implementation of systems covering warehousing, buying and marketing has just been completed and there is ongoing rolling-out of EPOS to retail outlets. Management responsibility is for 45 people.

An accountant, you will now be equally skilled as a project manager in information technology. Any experience in retailing will be a significant advantage. You must have experience of leading a large department, have particular strengths in management accounting and be used to managing data processing service levels. It is a role demanding breadth, strong interpersonal and communication skills and the ability to be an effective part of the Division's senior management team.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence, to Coopers & Lybrand Executive Resourcing Limited, 43 Temple Row, Birmingham B2 5JT, quoting reference D458 on both envelope and letter.

Coopers & Lybrand Executive Resourcing

REED ELSEVIER

TAXATION MANAGER

LONDON BASED — EXCELLENT SALARY + BENEFITS

Reed Elsevier plc heads one of the world's largest publishing and information groups. Created at the start of 1993 by a major cross-border merger of the operating businesses owned by Reed International P.L.C. and Elsevier NV, the activities of the new Anglo-Dutch group include scientific, professional, business to business and consumer publishing. The group is well established in the USA, UK, The Netherlands and Australia and is expanding in continental Europe and Asia.

Due to the continued development of the businesses, the group is recruiting for a key position within the Taxation Department at the Corporate Offices in Mayfair. Reporting to the Head of Taxation, the new Taxation Manager will have direct responsibility for the tax affairs of specific areas of the group's operations. Activities will include re-organisations, acquisitions, tax planning in both the UK and overseas, and review of compliance and reporting.

The successful candidate is likely to be:

- An accountant with at least 2 years' post qualification experience of managing and solving complex tax issues.
- An excellent communicator with the confidence to deal with senior management.
- A Tax Manager currently within the profession or a Tax Adviser working within an international business environment.

Interested applicants should contact Graham King or David Burton at the International Tax Division on 071-379 3333 (evening/weekends on 071-226 4557); fax: 071-915 8714 or write to them enclosing a detailed CV at **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS AMSTERDAM PARIS

FINANCE DIRECTOR

SOUTH COAST c.£60,000

The Company
A manufacturer of aerospace systems and components, some at the leading edge of technology, the Company is one of two principal subsidiaries of a £200m quoted group. The subsidiary itself has 1,200 employees and a turnover of some £60m.

The Role
The Company requires pro-active financial input at Board level. Working as a key member of the management team, the Finance Director will be expected to advise and assist the Board in all strategic issues as well as ensure that meaningful, appropriate and timely forward-looking financial information is available to the Board.

Specific Experience
Experience of strategic acquisitions (company and product), integrated MIS and the latest thinking in management accounting in a varied manufacturing and service environment.
The appointee will already have held finance director responsibilities within a manufacturing sector company.

Candidate Criteria
Graduate, qualified accountant, probably in his/her mid to late 30s.
A strategic thinker with a strong intellect and independent mind with well-developed conceptual and analytical skills.
Dynamic, highly motivated with integrity and excellent interpersonal and communication skills. A team player.

If you feel you could make a significant contribution to our client's business, please send a reasoned summary of your skills and attributes, accompanied by your cv, to Mark Scott MA FCA at Jamieson Scott Selection Division, 118 Eaton Square, London SW1W 9AF, quoting reference FT 27/1.

Jamieson Scott
SELECTION DIVISION

INTERNAL AUDITOR

LONDON c.£25k package + car

3i is Britain's leading investment capital company, investing in businesses in most sectors of industry, both within the UK and internationally, supporting start-ups, growth and changes of ownership.

As one of the country's leading backers of business, we naturally adopt progressive and professional practices - particulary when it comes to monitoring our own operations.

Joining the Internal Audit team in our Waterloo Road offices, you will cover our Treasury activity as well as providing support on financial and operational processess to ensure we meet required standards and statutory regulations. Some travel will, of course, be involved.

The need is for a London/SE based qualified CA with around two years' experience, including auditing of Treasury activities in the Banking sector. A working knowledge of French or German would be an advantage but is not essential.

Salary will be competitive, and the package includes company car and financial sector benefits.

There may also be opportunities to broaden your experience into other fields.

If you are ambitious and have exceptional skills, develop your career with a leader in investment capital.

Please send your CV to Paula Bates, Human Resources Adviser, 3i plc, Trinity Park, Bickenhill, Birmingham, B37 7ES.

INVESTORS IN INDUSTRY

FINANCIAL CONTROLLER

£35,000 PACKAGE + BENEFITS / CAR ALLOWANCE **SOUTH LONDON**

A UK Division of a major US Corporation, serving the capital goods market on a worldwide basis, seeks an ambitious, hands-on Financial Controller to take responsibility for its finance and accounting function.

Based in South London, the role is broad requiring business acumen as well as accounting skills. Key responsibilities will include project cost and inventory control, systems development and strategic and financial planning.

Aged 30 to 45, candidates should be computer literate, qualified accountants with several years experience at a senior level in a manufacturing/project environment. Prospects for advancement are good.

In the first instance, applicants should send a full CV, including salary and benefit details to the Group Financial Director at:

Elton Chromalox, Elton House, 20-26 White House Road, Croydon, CR9 2NA

FINANCIAL CONTROLLER

Brighton **Salary c£35,000**

EUROLINK
- GROUP PLC -

Eurolink Group PLC is a leading multi-national organisation at the forefront of the supply of computer and technical human resources.

Reporting directly to the Chairman and Chief Executive you must be capable of working on your own initiative to organise the accounts function to the production of Management Accounts/Reports and actively assist with the business strategy and planning. Responsibilities will also include budgeting, profitability and performance analysis, treasury, preparation of statutory accounts, legal and company secretarial matters and provision of financial information and advice to senior management.

The successful candidate must have a recognised accountancy qualification; be of strong character; highly numerate and computer orientated; able to produce high quality work to tight deadlines; fluent and persuasive in face-to-face discussion; action oriented, lively and innovative; and able to lead, inspire and motivate a small team.

Please reply enclosing a comprehensive CV and current remuneration to The Chairman & Chief Executive, Eurolink Group PLC, Blenheim House, 56 Old Steine, Brighton, BN1 1NH, marked "private & confidential
Ref FC1."

McKinsey & Company

What can McKinsey offer a high-flying ACA?

As an outstanding performer with a leading accountancy firm or blue-chip business, you will naturally have high career aspirations - and you may also be keen to broaden your experience. If so, management consulting at McKinsey can offer you both diversity and intellectual stimulus - as well as access to top decision-makers.
At the same time, it will provide high-level participation in key financial and general management issues.

We continue to recruit high-calibre people from a variety of disciplines in order to provide our clients with the fullest range of expertise, and exceptional ACAs already thrive in our demanding multi-disciplinary environment. We are now looking for a number of individuals who combine an excellent academic record (2.1 or better and consistent first-time passes) with between 3 and 7 years' impressive post-qualification experience. Significant exposure to areas other than mainstream audit - such as commercially-focused special assignments - is a prime requirement.

As one of the world's leading management consultancies, we can offer you the opportunity to work with the top management of major corporations on issues of strategy and organisation designed to effect substantial improvements in performance. Such experience, gained within an organisation committed to excellence, will serve to accelerate your personal development - whether you intend to rise within McKinsey, or ultimately move into general management.

Whilst these opportunities are based in London, client engagements are undertaken throughout the UK, and there may also be opportunities to work overseas. First-class salaries are complemented by an extensive range of benefits including company car and relocation assistance if appropriate.

We are also interested to hear from any non-ACAs who have gained comparable high-profile experience in corporate finance or securities and investment regulation.

To apply, please send your detailed cv to Ms Sarah Webbe, Recruitment Manager, McKinsey & Company, 74 St James's Street, London SW1A 1PS, to arrive no later than Friday 16th July 1993, quoting ref: CA/FT/93.

Are you an Audit Senior for us?

At Mazars, you will be one of a team which develops client relationships, not internal systems. Our clients will recognise you not only as the external auditor, but also as one of their business advisers.

This is an approach that has made Mazars one of Europe's top 10 practices, with headquarters in Paris, and a client list comprising some of the most significant European corporations.

Mazars

Because of our substantial growth we are recruiting additional Audit Seniors to join our team in the UK.

You will have a degree, be qualified with a 1:1:1 exam record, and have 'Big 6' experience. You will be a natural communicator, be confident of your technical abilities, and will demonstrate the personal qualities inherent in a potential manager.

If you think we're different enough to be interesting, fax or write to Ailien Pallot, Mazars & Co, 33 Golden Square, London W1R 3PA. Fax: 071 287 9480. Tel: 071 287 3623.

AUDIT SENIORS UP TO £28,000

MAJOR UK RETAILER
London

COMMERCIAL CONTROLLERS

£40-50,000
+ Car + Benefits

Commitment, determination, innovation and vision are qualities that have transformed this long-established UK retailer into the enviable position of market leader in its chosen retail fields. Its success derives from a profound understanding of customer needs and market demands as well as the ability to lead and influence the retail sector with new initiatives, technological advancements and outstanding management development.

As the organisation is set for further expansion, it seeks to maintain the highest levels of expertise and professionalism within finance and therefore wishes to attract two individuals wishing to operate at the commercial edge of the retailing industry.

CONTROLLER CORPORATE FINANCE

Supporting the Corporate Planning process with a high calibre team of business controllers you will:

- Ensure that relevant business planning information is produced via adequate systems and processes on a timely basis.
- Critique financial and commercial performance of key business areas, devise systems to capture store trading performance and develop forecasting and planning techniques in conjunction with EPOS development.
- Pro-actively manage financial control within a number of business areas focusing on the improvement of bottom line performance.

CONTROLLER BUSINESS OPERATIONS

At the centre of a project development environment you will:

- Ensure that robust management and financial controls are in place to measure performance and meet vital reporting deadlines.
- Manage and review all third party and purchase contracts highlighting the financial and commercial implications and take a leading role in negotiations.
- Provide critical support and guidance to a Main Board Director by identifying key issues and developing strategic initiatives.

Each of these roles demands the talents of a graduate qualified accountant and/or MBA aged 28-35, who has worked in an organisation which is characterised and driven by a competitive and clearly focused sales and marketing approach. You will have the necessary personal qualities to challenge senior Executives at the highest level and be seeking to work in a commercial environment offering unparalleled career opportunities to individuals striving for excellence.

Interested candidates should contact ***Michael Herst*** *or* ***Charles Austin*** *promptly quoting the reference* ***CA442.***

HARRISON WILLIS
EXECUTIVE SEARCH & SELECTION
39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463
LONDON • READING • GUILDFORD • ST ALBANS • BRISTOL • BIRMINGHAM

PART-TIME GROUP FINANCIAL ACCOUNTANT

Background

A position to assist the Board of a young and successful group of companies, with all the complexities of a major international corporation.

Skills and Requirements

A qualified accountant with international experience to coordinate group finances, covering corporate tax and VAT, treasury, company start ups and acquisitions, foreign exchange, financial strategy, financial staff development and secretarial.

Qualities

A hands on, proactive executive with rigourous attention to detail, commercial drive and an enthusiastic team player.

An early retired group financial director would be considered for this position which will be based in West London.

Please respond with reference to your experience in each of the above mentioned requirements, enclosing your C.V. and stating your salary expections to Box B1556, Financial Times, One Southwark Bridge, London SE1 9HL

...... something completely different!

If you are a qualified accountant with a strong commercial background, preferably in a retail company or with a supplier to the retail trade, we may be able to offer you an escape from company politics and an opportunity to reap the rewards of your own efforts. Successful applicants are likely to be between 45 and 50 years of age.

We are a group of self-employed professionals carrying out an unusual service for our clients who include many of the country's leading retailers. We review their records for archived overpayments and our fees are based entirely on recoveries made. Amounts recovered are significant and personal earnings follow that pattern. It is challenging and rewarding work, sometimes frustrating, often fun!

We are currently looking to strengthen our representation in may parts of the Country and so, if you believe you have the positive, lively, self-motivated approach necessary for this work, please send c.v. in confidence to:

Peter Bennett FCA,
Howard Schultz & Associates
77-81 High Street
Tring
Herts HP23 4AB

howard schultz & associates

The Bristol Evening Post plc
Finance Director
Newly created Main Board role

Bristol — **c. £50,000 + Full Benefits**

The Bristol Evening Post is a listed company with a turnover in excess of £60m. Its principal activities include newspaper publishing, CTN retailing, transport, features syndication and property ownership.

Redefinition of responsibilities at Board level has resulted in the creation of this new role, which is considered to be critical to the ongoing success of the group.

Reporting to the Group Chief Executive, the appointee will oversee all aspects of the group's financial affairs. Specific responsibilities will be to:

- initiate and develop broad financial strategies to support business plans;
- work with the Group Chief Executive and Chairman in respect of investor relations issues;
- make an important contribution to the group's strategic development.

Probably aged 35-45, the successful candidate will be a Chartered Accountant with senior line finance experience in a listed PLC, ideally in the media sector. Previous exposure to dealing with City institutions and major investors would be advantageous. In addition to professional skills of the highest order, we will be looking for strong interpersonal skills, a commercial outlook and the personal authority to command respect at all levels.

In addition to the advertised salary, the remuneration package will include a company car, private health care and an excellent pension scheme.

Please send a detailed CV to GKRS at the address below, quoting **reference number 203J** and including details of current remuneration and availability.

GKRS
SEARCH & SELECTION
Clarebell House, 6 Cork Street, London W1X 1PB. Telephone: 071 287 2820
A GKR Group Company

FINANCIAL CONTROLLER
CENTRAL GERMANY

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Application forms to be returned by July 16th.

WORKING FOR EQUALITY OF OPPORTUNITY

FINANCIAL TIMES
COMPANIES & MARKETS
Friday July 2 1993

INSIDE

Norsk Hydro and Statoil swap stakes

Norsk Hydro, Norway's biggest listed company, and Statoil, the Norwegian state oil company, are to swap shareholdings in a planned pipeline and two oil and gas fields which are under development. Page 16

S Electric raises payout 17.6%

Southern Electric increased its dividend to shareholders by 17.6 per cent, the highest increase so far among the UK's electricity companies. Page 16

Nokia increases issue size

Nokia, the Finnish electronics group, will increase the size of an international share placement to 5.22m preference shares from 3.8m in response to strong demand. Page 16

Ford makes Czech purchase

Ford, the carmaker, has reached agreement with the Czech government to acquire Autopol, a components manufacturer with turnover of £50m ($75m) a year. Page 17

US bond record

US companies issued record amounts of debt and equity during the first half of this year. Stocks and bonds worth an unprecedented $530bn were sold in the first six months of 1993, well above the previous record of $445bn. Page 17

Film producer files for protection

Nikkatsu, a Japanese film producer and distributor has become the first company listed on the main section of the Tokyo Stock Exchange in eight years to file for court protection under the corporate rehabilitation law. Nikkatsu's debts total Y49.7bn ($464.5m). Page 18

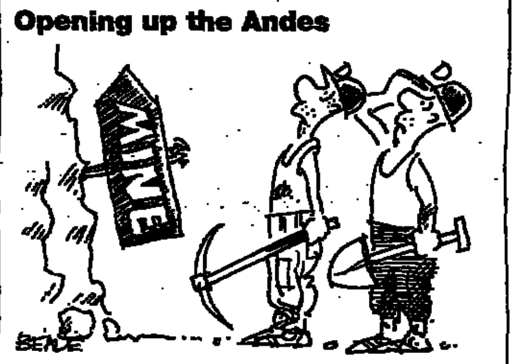
Hays expands in Germany

Hays, the UK business services group, has acquired Mordhurst, a national distribution business in Germany, for £32m ($48m). Page 20

Aer Lingus in limbo

The rescue plan for Aer Lingus, Ireland's troubled state airline, still languishes in a government in-tray two weeks after Mr Bernie Cahill, executive chairman, presented it for cabinet approval. Page 21

Opening up the Andes



Although Argentina owns half the mineral-rich southern Andes, mining in that country has never caught on. However, the government has approved investor-friendly mining laws that it hopes will open up Argentina's under-explored interior to local and foreign countries. Page 24

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
DLW	413	+	9.5
Dresdner Bk	385	+	8
Porsche	523	+	18
Vieg	367.5	+	9.5
Falls			
Hertie	307	–	7.8
NEW YORK ($)			
Rises			
Alumin Co Amer	71¼	+	1¼
KnowledgeWare	12	+	2¾
Falls			
Merck	35	–	½
Pfizer	65¼	–	1⅛
Santa Fe Pacif	17¾	–	½
Schering-Plough	68	–	1⅞
PARIS (FFr)			
Rises			
Dollfus Mieg	267.2	+	11.8
Worms Cie	286.5	+	10.2
Falls			
Cr Fonc Fr	1008	–	45
EridaniaBSayCi	610	–	24
GTM-Entrepose	406	–	13.9
Lafarge Coppee	371.9	–	16.4
TOKYO (Yen)			
Rises			
Hitachi Credit	1960	+	180
M'bishi Gas Ch	538	+	52
S'tomo Bakelit	584	+	64
Utoku Express	722	+	71
Falls			
Chori	434	–	100
Toshiba Mach	656	–	20

New York prices at 12.30.

LONDON (Pence)			
Rises			
AMEC	94	+	4
Aztec (BSR)	69½	+	4½
BM Grp	19	+	2
City of London	58	+	3
Gibbs Mew	263	+	13
Hartstone	40	+	4
Micro Focus	2095	+	22
NESCO Inv	40	+	10
Quality Software	585	+	19
RMC	748	+	12
Reckitt & Colman	569	+	14
Sth. Electric	482	+	10
Standard Chart	788	+	10
Suter	163	+	7
Falls			
Bespak	487	–	30
Crest Nichol	68	–	3
Eurocamp	203	–	26
Gresham Telecom	175	–	7
Hunterprint	50	–	17
Spring Ram	44	–	6
Transfer Tech	515	–	19
Unigroup	60	–	9

IBM moves to boost PC market lead

By Louise Kehoe in San Franscico

INTERNATIONAL Business Machines has announced two moves designed to increase its lead in the personal computer market.

It will form a subsidiary to sell low-cost personal computers (PCs) in the US under the Ambra brand name, mirroring moves in Europe and Canada.

It has also formed a division within its personal systems organisation to develop a generation of high-performance desktop and portable computers based on the Power PC microprocessor, jointly developed with Apple Computer and Motorola.

The US Ambra subsidiary may increase IBM's PC profits in the near-term. The new Power Personal Systems division represents a long-term strategic effort to ensure IBM is strongly positioned in an emerging segment of the PC market.

Ambra will offer products aimed at price-sensitive buyers and will compete directly with the "clones" of IBM's PCs offered by lesser-known manufacturers. As in the UK, where Ambra was introduced last year, the product line will not carry IBM's name and the subsidiary company will operate independently.

In the US, Ambra is expected to sell mainly through discount and warehouse stores, such as the Price Club. Ambra US could represent a serious threat to second and third-tier PC manufacturers in the US who are already feeling intense price competition.

In contrast, the newly formed Power Personal Systems division is an in-house effort to benefit from IBM's substantial investments in Power PC microprocessors for personal computer products.

By placing the development group in a separate division, IBM aims to maintain the focus of its PC business on PCs using Intel microprocessors, the dominant technology.

IBM's semiconductor partner in the Power PC chip effort is touting the new chips as having "the power to blow away Pentium", Intel's latest microprocessor chip. Apple Computer, which also teamed up with IBM for Power PC, is planning to use the chips in a new generation of desktop computers.

IBM PC, however, has no plans to abandon the Intel architecture and is developing PC products using "Pentium and future Intel microprocessors" a spokesman said.

However, IBM aims to make the most of its investment in Power PC by offering the broadest possible range of products using the new technology.

IBM's workstation group is expected to introduce the first computer using the Power PC chip later this year. The technology is also being designed into IBM's mid-range and mainframe computers.

Grundig's losses multiply as prices languish

By David Waller in Frankfurt

GRUNDIG, Germany's leading home electronics group, returned a loss of DM296m ($175.1m) last year as falling prices, exchange rate movements, rationalisation costs and poor industry conditions took their toll.

The company, which is 32 per cent owned by Philips, the Dutch electronics group, said last year's deficit compared with a loss of DM18.6m in the previous year. Extraordinary costs were DM119m.

The result was worse than the loss of DM200m which the company forecast in the autumn of last year. It blamed the increased losses on overcapacity in the worldwide home electronics industry – which hit the group's margins – as well as the cost of reducing its own capacity through the closure of plant and the reduction of the workforce.

Turnover fell to DM3.71bn from DM4.24bn. Mr Pieter Harmsen, chief executive, said yesterday that falling prices and exchange rate movements trimmed sales by DM270m last year.

Mr Harmsen warned that further rationalisation was necessary. Last year, total jobs fell to 16,706 from 20,473 and the chief executive said agreement had been reached with workforce representatives for a further 2,000 job cuts across the group in the current year.

Stripping out the effect of price falls and exchange rate changes, sales would have risen by 1 per cent, Mr Harmsen said at yesterday's press conference in Nuremberg. This was a sign that the group had improved its market position despite poor conditions for the sector.

The loss on ordinary trading activities was DM187m, against a profit of DM75m in the previous year. Domestic turnover fell to DM2.07bn from DM2.31bn while abroad it dropped back to DM1.64bn from DM1.93bn.

In March, Philips reported a loss of Fl 900m ($473.6m) last year, blaming "unprecedented conditions" in worldwide consumer electronics markets. It said then it planned to cut 12,000 to 15,000 jobs worldwide and eliminate duplication of production and development between it and Grundig.

BPB rises 52% as price war ends

By Andrew Taylor, Construction Correspondent

PROFITS of BPB Industries, Europe's biggest plasterboard manufacturer, have jumped 52 per cent following the end of a price war in the UK, France and Germany.

Group pre-tax profits rose from £37.8m to £57.5 ($86.3m) in the 12 months to March. Turnover rose 10 per cent to £1.12bn.

The UK company has cut its final dividend by a third from 7.25p to 4.8p, as it forecast in February when raising £64m from a convertible bond issue, making a total for the year of 11.25p.

Mr John Maxwell, chief executive, said BPB had decided to rebase its dividend "in view of the unprecedented economic uncertainties facing the group's main European markets".

Group pre-tax profits, which four years ago exceeded £200m, were unlikely to return to previous levels even when construction markets recover. Earnings per share, which rose from 6p to 8.1p last year, are less than a third the 32.2p earned in 1988/89.

Mr Maxwell said western European plasterboard prices, which have risen by an average of 29 per cent since February 1992, were still well below levels prevailing at the end of the 1980s.

The increases follow the ending of a price war between the three largest plasterboard producers: BPB, Knauf of Germany and Lafarge-Coppée of France.

This has left BPB's share of the European market of between 50 per cent and 55 per cent relatively unscathed. The company's share of the UK market, where it previously had a near monopoly, has fallen from more than 90 per cent to about 65 per cent.

Mr Maxwell said that Knauf and Lafarge-Coppée now appeared more interested in improving profitability than pursuing market share and that further price rises were likely.

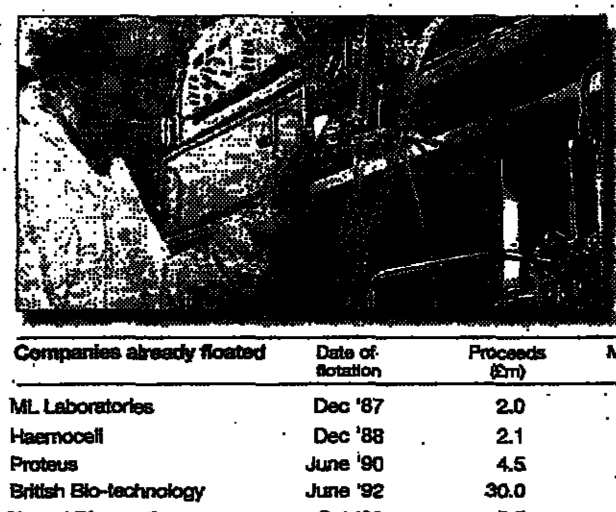
BPB's target was to double its return on sales from 7 per cent to 15 per cent and the return on capital from 10 per cent to 20 per cent.

Mr Maxwell warned of further job losses as the group sought to cut costs. Some 700 jobs were axed last year resulting in a redundancy cost of £11m. He expected European plasterboard sales to fall over the next 12 months.

Lex, Page 14

Richard Gourlay explains the birth of a stock market sector

UK Bioscience



To be floated	Date
Cantab Pharmaceutical	1993/94
Celltech	1993/94
Scotia Holdings	1993/94
Chiros	1994
Fermentech Medical	1994
Pharmaceutical Proteins	1994/95
Shire Holdings	1994/95
Xenova	1994/95
Oxford GlycoSystems	1995
Cortecs International	1995

Companies already floated	Date of flotation	Proceeds (£m)	Market capitalisation at flotation (£m)	Market capitalisation now (£m)
ML Laboratories	Dec '87	2.0	16.0	291.5
Haemocell	Dec '88	2.1	10.6	33.1
Proteus	June '90	4.5	18.0	107.4
British Bio-technology	June '92	30.0	151.8	133.8
Tepnel Diagnostics	Oct '92	5.5	27.5	50.4
Drew Scientific Group	May '93	7.3	25.2	31.9
Celsis Diagnostics	June '93	22.0	60.0	60.0
Anagen	June '93	15.0	46.5	42.8

Source: Stock Exchange and Datastream

Biotech babies find a life-giving source

MORE than a decade after Genentech's float on Nasdaq launched one of America's raciest stock market sectors, the UK is on the verge of providing a home-grown source of capital for European scientists.

Encouraged by a relaxation of stock exchange rules, the UK's emerging biotechnology industry is flocking to the London market.

British Bio-technology, which reported full-year results on Tuesday, was the first company to persuade the exchange to loosen listing requirements for its £150m ($225m) flotation last June.

By next week, when the diagnostics group Celsis starts trading, there will be eight UK-quoted biotech companies and 11 more pencilled in for flotation, mostly within the next year.

By US standards the sector is hardly off the starting blocks – there are 225 US bioscience companies with a combined market capitalisation of $35bn. But at least the UK has joined the race.

The rush to float does not imply British science is suddenly ready to move from the laboratory to the market place with a string of ideas based on molecular biology and genetic research.

Rather, research-based companies have discovered that flotation is now an option in the UK – even though many still look as though they belong in the venture capital nursery.

Most of the newcomers are either still developing their product or have negligible sales. Many will require additional capital after flotation and will not record significant profits until the late 1990s. All are benefiting from the stock exchange's change of attitude.

"For many years it has not really been possible to obtain a [UK] listing for businesses of this type, where the value is in the technology and has not shown through in the sales or the profits," says Ms Janice Anderson, director of Grosvenor Development Capital. "So people have had to go to the US."

Notable among these forced exiles are Cantab Pharmaceutical and Ethical Holdings. Encouraged to prevent this trickle becoming a flood, the London Stock Exchange last year allowed British Bio-technology to float without the usual three-year record of trading profits.

The window of opportunity in the UK coincides with the US bioscience sector losing some of its sparkle. Genentech has disappointed with its TPA "clotbuster" heart attack drug; and Synergen's sepsis treatment has not lived up to earlier expectations, according to stockbrokers Barclays de Zoete Wedd.

The tempering of enthusiasm in the US should strike a note of caution. Some new biodrugs that have passed successfully through clinical trials have worked no better than existing chemically synthesised versions.

Even if investors choose to ignore this, the prospectuses should leave little doubt about the risks.

A typical health warning appears in the listing particulars of Celsis, which wants to replace the laboratory agar plate with a kit for faster measurement of microbial contamination.

Private investors, who can apply for shares until this morning, are told: "There can be no assurance that the company will ever achieve significant revenues or profitable operations."

The warning may not be as prominent as it would be in the US – where the face of the prospectus often boasts the warning like an "X" rating on a movie – but at least it is there.

To counter these sobering statements, the newcomers have to rely on the feel-good factor. Celsis, for example, carries "validations" from organisations ranging from the Laboratory of the Government Chemist to such heavyweight companies as Wellcome and SmithKline Beecham. The newcomers are also recruiting big names from the pharmaceutical industry.

Thus, the non-executive chairman of Celsis is Mr John Precious, finance director of Wellcome; British Bio-technology picked up Mr Keith McCullagh as chief executive when GD Searle, the US drug maker, was bought by Monsanto; and Chiros, which will float next year, can boast the backing of Mr George Rathman, the founder of Amgen, widely recognised as the most successful biotechnology company yet formed.

The holy grail for all the new drug companies, needless to say, is the discovery and development of a blockbuster – unofficially defined as having annual sales of more than $500m. Few drugs are likely to match Glaxo's Zantac ulcer treatment, which transformed the company's fortunes in the 1980s. But according to BZW, the bioscience sector's "hit rate" is not as low as many believe. The 75 longest-established companies in the US have already brought 12 new bioscience drugs to market.

The newcomers also point to the prices some large pharmaceutical companies have paid to get aboard the bioscience research train.

A dramatic illustration of value came when Switzerland's Sandoz group paid $392m for a 60 per cent stake in Systemix, a Californian company researching gene therapy, only a year after it floated.

Such anecdotes do not, however, make valuation any easier. With no profits forecasts, valuation remains a hugely imprecise science.

"You have to take a view on the science, the people and the prospects and this is the only way to get to the valuation," says one pharmaceutical executive.

With valuation so inexact, some analysts believe venture capitalists should still be supplying the development funds. Mr Chris Evans, a microbiologist and founder of Celsis and Chiros, which will float next year, vehemently disagrees. Raising venture capital is extremely time consuming, distracts management and is no way to fund the development of a global market, he says.

But more fundamentally, he says, the supply of equity finance is there. "Institutional investors have seen people make outrageous capital gains from loss-making companies," he says. "If the stock market is prepared to finance development, why give a large slice of the company to venture capitalists?"

Relaxed listing rules will, inevitably, lead to riskier ventures being quoted. But the stock exchange is trying to close the door on the worst forms of abuse. Rules now in draft form propose that most of the capital raised on flotation should be used to fund drug or product development.

Founding shareholders will also, usually, be prevented from selling shares for two years after flotation. Both these rules should prevent them walking away with the cash before the venture proves itself.

It is early days. But the often maligned stock exchange has been widely applauded for relaxing rules that could sustain a new, albeit risky stock market sector.

Governments may act on Channel tunnel date

By Andrew Taylor in London and Alice Rawsthorn in Paris

A SUGGESTION that the British and French governments appoint an independent mediator to resolve the conflict between Eurotunnel and its contractors over the opening date of the Channel tunnel has been discussed by the two countries.

The British transport department confirmed that the suggestion had been raised by French officials but said the British government had no plans to appoint a mediator. Any such appointment would be a matter for the Bank of England rather than the government, said the British official. The Bank has become involved in trying to resolve differences on the project but has preferred to act behind the scenes.

Contractors are seeking substantial additional payments to cover the cost of building the tunnel which has risen from £4.8bn ($7.2bn) in 1987 to £10bn.

The contractors claims are being considered by a disputes panel.

The initiative proposed by the French would seek to get Eurotunnel and its contractors to agree an opening date rather than to resolve the issue of payments.

Eurotunnel in Paris yesterday confirmed that it was in discussions with the French government over the appointment of a mediator.

Eurotunnel said it supported the initiative and that Mr André Bénard, its chairman, had for several weeks been discussing the matter with ministers.

Mr Bénard said a number of candidates for the role of mediator had been suggested.

Norsk Hydro and Statoil agree to exchange assets

By Karen Fossli in Oslo

NORSK HYDRO, Norway's biggest listed company, and Statoil, the Norwegian state oil company, have agreed to swap shareholdings in a planned pipeline and two oil and gas fields which are under development.

The terms of the deal call for Statoil to receive from Norsk Hydro a cash payment of between NKr150m ($20.8m) and NKr170m ($23.5m), a 1.25 per cent stake in the Heidrun oil and gas field, and a 1.25 per cent stake in the planned Haltenpipe pipeline.

In exchange, Norsk Hydro will receive from Statoil a 10 per cent shareholding – half of which is owned by the state – in the Brage oil and gas field, which Hydro operates.

The deal boosts Hydro's stake in the Brage field to 23.2 per cent from 13.2 per cent. Statoil's stake in the Heidrun field will be lifted to 11.25 per cent from 10 per cent as will its shareholding in the Haltenpipe pipeline.

The exchange of assets will have to be approved by the industry and energy ministry.

The state owns a 65 per cent stake in both the Heidrun field and in Haltenpipe and 33.4 per cent of Brage. Statoil's share in the Brage field is reduced to 12.6 per cent, while Norsk Hydro will relinquish to Statoil its shareholdings in both Heidrun and Haltenpipe, according to the terms of the deal.

The NKr10.5bn Brage field is due to come on stream on November 15, earlier than planned originally. It contains an estimated 38.5m cubic metres of oil and 2.8bn cubic metres of natural gas. Daily production capacity of the Brage platform is designed for 85,000 barrels of oil and 1.75m cubic metres of gas.

The NKr25bn Heidrun field is due to come on stream in the third quarter of 1995, when Statoil will take over its operation from Conoco Norway. It contains 87m-119m cubic metres of oil and 38bn-46bn cubic metres of gas.

The Haltenpipe pipeline, operated by Statoil, is designed to handle a minimum throughput of 2.2bn cubic metres of gas a year. It is due to be laid next year and the transport system will be operational from 1996. The pipeline will connect to the Heidrun field and will come ashore at Tjeldbergodden, on the west coast of Norway.

Southern Electric lifts payout

By David Lascelles, Resources Editor

A NEW leader emerged in the UK electricity industry's dividend race yesterday as Southern Electric increased its payout to shareholders by 17.6 per cent, the highest so far.

Southern's increase capped the 15.9 per cent set by Seeboard earlier this week, and virtually ensures the utility first place when the electricity results season ends next Tuesday.

In common with other electricity company chairmen, Southern's Mr Geoffrey Wilson, denied that a race existed. The increase was justified by Southern's strong financial performance, which included a rise of 12.6 per cent in pre-tax profits to £187m, ($280.5) and its success in bringing down costs, he said.

He also stressed that Southern's domestic customers were sharing in the benefits. They have seen tariffs fall by a minimum of 2.5 per cent this year, with a further rebate promised for next year.

Southern, one of the 12 regional electricity distributors privatised two years ago, has been among the most aggressive in cutting costs.

The biggest blot on yesterday's result was a £7.2m loss in the company's electrical appliance retailing subsidiary, E&S, set up jointly with Eastern Electricity last year. But Mr Henry Casley, chief executive, said the losses would be eliminated as the company became more established.

A big influence on the electricity sector's results is the price review currently being conducted by Professor Stephen Littlechild, the industry regulator. Regional companies have been anxious to cut costs in anticipation of a tightening of price controls. However, there has been some anxiety in the markets that the double-digit dividend increases announced by most electricity companies could encourage the regulator to take a tougher line.

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COB punishes chiefs at Métrologie

By Alice Rawsthorn

THE CHAIRMAN and former chairman of Métrologie International, the French information services group, have been fined by the Commission des Opérations de Bourse, the Paris stock market watchdog, after an investigation into movements in its shares.

Mr Alain Fraiberger, chairman of Métrologie, and Mr Roger Haddad, his predecessor, have been fined FFr300,000 ($52,219) and FFr350,000 respectively. They are the largest of the FFr950,000 in fines imposed by the COB on senior executives of Métrologie.

The COB began its investigation following sharp fluctuations in Métrologie's share price at the end of 1991. It has criticised Métrologie executives for selling shares in the company in 1991 prior to the publication of a gloomy announcement about the company's financial performance.

Métrologie said that Mr Fraiberger was appealing against the COB report.

Nokia to increase size of placement

By Hugh Carnegy in Stockholm

NOKIA, the Finnish electronics group which has recently moved back into profit on the back of rapid telecommunications sales, said yesterday it was increasing the size of an international share placement, originally announced in May, to 5.22m preference shares from 3.8m in response to strong demand.

The offer price was set at FM159 ($28.07) per share, promising Nokia around FM830m in new capital which, the group said, made the offering the biggest international issue by a Finnish company.

Lead-managers Credit Suisse First Boston and Enskilda Corporate have also been given an option to sell a further 780,000 shares to cover oversubscriptions.

The price compared with a market level of just over FM160 earlier this week. Nokia yesterday expressed satisfaction that the issue, which will result in a near-10 per cent dilution of existing Nokia stock, had not dented demand on the Helsinki stock exchange. Volume was strong yesterday at around 600,000 shares traded and the price moved above FM170.

Before the issue, some 20 per cent of Nokia stock was foreign-held following the relaxation of restrictions on foreign share ownership from the start of this year.

Mr Jorma Ollila, chief executive, said the new capital would greatly strengthen Nokia's balance sheet, helping it fund a surge by its telecommunications and mobile telephone businesses recently in Europe and eastern Asia.

Last month, Nokia reported a pre-tax profit for the first four months of FM154m, rebounding from a FM280m loss at the same stage last year and an overall loss in 1992 of FM158m.

The chief factor behind the improvement was a 109 per cent rise in mobile phone-sales and an 80 per cent rise in telecommunications sales.

Ferfin shares feel loss of confidence

By Haig Simonian in Milan

SHARES in Ferruzzi Finanziaria (Ferfin), the diversified Italian holding company with borrowings of more than L31,000bn ($20bn), hit a new low in Milan yesterday in response to a further loss of investor confidence.

Ferfin ordinary shares fell almost 9 per cent to L408.2, taking the cumulative fall to 61.6 per cent since the end of May, when the company announced a L1,519bn loss for 1992. This week, it revised its loss to L1,667bn after the disclosure of more losses at its Montedison industrial subsidiary.

Yesterday's drop came in reaction to the announcement at Ferfin's shareholders' meeting on Wednesday of a meeting at the end of August to approve a write-down of the group's capital.

The August assembly is likely to be followed by a big rights issue, which will cement creditor banks' control over the group. Last month, Ferfin and the controlling Ferruzzi family called on the group's five main creditor banks to work out a rescue package.

Analysts said the share price drop was also influenced by continuing investigations by Milan magistrates monitoring the rescue package on behalf of minority shareholders.

The magistrates this week questioned Mr Roberto Michetti, the ex-finance director of Montedison, who now works for Mr Raul Gardini, Ferfin's former guiding light who has now set up his own group.

The investigations follow Monday's revelations of an additional L435bn write-off in Montedison's 1992 accounts owing to an "irrecoverable" loan by an obscure Curaçao-based subsidiary. Mr Michetti was also chairman of Montedison International Holding, the Swiss subsidiary which indirectly controlled the Curaçao company.

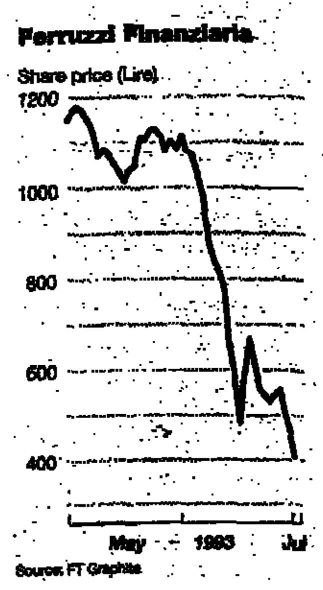
The inquiries came against a bizarre twist at Fondiaria, the big Florentine insurance company controlled jointly by Ferfin and the heirs of the late Mr Camillo De Benedetti.

Shareholders at Fondiaria's AGM on Wednesday were astonished to be told it had received a letter from Mr Giuseppe Garofano, the former Ferfin executive now being sought by magistrates, resigning from the board.

Mr Garofano disappeared earlier this year Milan after magistrates issued a warrant against him regarding a L250m payment to the Christian Democrat party. Mr Garofano claimed the money was his own, and not funds from the Ferruzzi group.

The letter, dated June 16 and written by hand on Mr Garofano's personal notepaper, was delivered without a stamp or postmark. It helps confirms the widespread view that Mr Garofano, a chemical engineer, is alive and in hiding.

Ferruzzi Finanziaria



Source: FT Graphite

French food retailer cuts deficit to FFr36m

By Alice Rawsthorn in Paris

SODIAAL, one of France's leading food groups, yesterday said it had cut its net loss last year to FFr36m ($6.31m) from FFr272m in 1991 despite a heavy deficit from its Spanish subsidiary.

However, Mr Nicolas Le Chatelier, chief executive, criticised the "crazy trend" for big French food retailers to try to compete on price against the German-style discount outlets that are now expanding aggressively in France.

He said Sodiaal, which is best known for its Yoplait yoghurt and Candia milk brands, was willing to increase its output of cheaper unbranded products, particularly in the fresh foods sector. But he stressed that the group was also determined "to protect its brands".

The French food market has had a tough time in the past year due to the parallel pressures of economic recession and a stream of mergers among the powerful hypermarket chains.

French producers, such as Sodiaal, have also faced stiff competition from the fast-expanding European groups including Nestlé of Switzerland and the Anglo-Dutch Unilever.

Sodiaal suffered a fall in turnover from FFr17.6bn ($3.08bn) in 1991 to FFr16.3bn in 1992, due to exchange rate fluctuations after the September currency crisis.

The group's Spanish business had a FFr167m loss.

Mr Le Chatelier said it had reorganised its activities in Spain, by buying out its local partner to take full control, in the hope that the business would break even this year.

The Spanish loss cancelled out a net profit of FFr130m from Sodiaal's French interests, which have benefited from restructuring.

The group has opened a new FFr220m camembert factory at Pacé in Orne to replace an old plant at Condé-sur-Sarthé which burnt down last spring.

More UK fund managers take the direct approach

By Richard Gourlay in London

INSTITUTIONAL fund managers in the UK are increasingly bypassing stockbrokers and making direct contact with companies' senior management, according to this year's Extel Survey of Investment Analysts.

More than a third of the fund managers increased the number of visits to companies since last year with most of these visits initiated by themselves rather than the company or the broker. The trend towards more direct contact with companies will add to the competitive pressure on smaller stockbroking houses already hit by institutions reducing the number of brokers they use.

Mr Geoffrey Osmint, consulting editor of the Extel survey, said there was an increase in fund managers doing more of their own research on their own ideas and spending less time talking to brokers. "It used to be the case that no-one would invest a penny in smaller companies without seeing the colour of the management's eyes," Mr Osmint said. Increasing numbers of institutions were now applying the same rigour to investing in larger companies.

Some of the 122 fund managers who responded had made several hundred company visits and one institution recorded 600 visits. Overall, two thirds of all company visits were initiated by the managers or the company and not the broker.

The fund managers said the quality of research had generally improved. They needed more research on medium and smaller companies and more "thematic pieces" and said research covering the UK economy was "least useful".

Last year's enthusiasm for pan-European markets had been replaced by a need for more research on emerging markets.

SG Warburg Securities took the title of top stockbroking research company for the third year in a row. James Capel reclaimed the number two slot from NatWest Securities.

Credit Lyonnais Laing and Smith New Court were voted as having shown the most improvement in quality.

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LEGAL NOTICES

IRISH HIGH COURT
Don Bluth Entertainment Limited (In Liquidation)
Don Bluth Troll Limited (In Liquidation)
Don Bluth Thumbelina Limited (In Liquidation)
Don Bluth Pengum Limited (In Liquidation)

The creditors of any of the above named companies are required, on or before the 17th day of January 1994 to send their names and addresses and the particulars of their debts or claims and the names and addresses of their solicitors, if any, to:
John McStay, John McStay & Co., Bell House, Montague Street, Dublin 2, Ireland, the Official Liquidator of the said companies and if so required by notice in writing from the Official Liquidator, are to file such affidavits in proof of claims as they may be advised and to give notice of filing thereof to the Official Liquidator and to attend at such time and place as shall be specified in such notice or, in default thereof, they will be excluded from any distribution made before such debts or claims are proved.
Claimants must specifically identify the company against which they wish to have their claim recorded.
Tuesday the 1st day of March, 1994 at 2.30 o'clock in the afternoon at the Examiner's Office, Four Courts, Dublin, Ireland has been appointed for hearing and adjudicating upon the said debts and claims.
Dated 14 June 1993
Signed: Thomas Tynan, Assistant Examiner

SCANDINAVIAN BANK GROUP LIMITED STAFF PENSION AND DEATH BENEFIT PLAN
NOTICE TO CREDITORS AND BENEFICIARIES TO SEND *IN CLAIMS UNDER SECTION 27 OF* THE TRUSTEE ACT 1925

The Scandinavian Bank Group Limited Staff Pension and Death Benefit Plan is in the process of being wound up. Pursuant to the Trustee Act 1925, notice is given that all creditors, members and others having any claim against or claiming to be beneficially interested in the Plan are required to send particulars in writing to the Trustee of the Plan as a matter of urgency, and in any case no later than September 5 1993 giving details of the circumstances. Communications should be sent to the address below. After that date, the Trustees will distribute the assets of the Fund among those of whose claims they have notice and they shall not be liable to any person or persons of whose claims or demands they have not had notice.
The Law Debenture Trust Corporation plc.
Princes House,
95 Gresham Street,
London, EC2V 7LY
For the attention of Mr C.J. Gunn

Ford to acquire Czech parts maker

By John Griffiths

FORD has reached agreement with the Czech government to acquire Autopol, a components manufacturer specialising in automotive lighting and heat exchanger equipment including air conditioning. The producer has annual turnover of £50m ($75m).

The acquisition, for an undisclosed sum, was decribed by Mr Jacques Nasser, Ford of Europe chairman, as part of Ford's strategy to establish a stronger presence in the emerging economies of central and eastern Europe.

The acquisition provides Ford, for the first time, with an in-house capability to produce lighting in Europe. In the long term, this may means reduced business for Hella, Carello, Bosch and Valeo, its European lighting suppliers.

It also gives Autopol a significant role in Europe's fast-growing car air-conditioning market. In 1987, only one car in 200 was ordered with air-conditioning. Now the level is 11 per cent and is expected to grow to 25 per cent – representing around 3m units – by 1995.

Ford has been among the most cautious of western vehicle producers in exploring manufacturing ventures in the region.

However, it has identified Poland, Hungary and the former Czechoslovakia as offering most potential.

It is also setting up a greenfield operation in Hungary to manufacture induction coils, and is in the final stages of negotiations with the Polish authorities to establish a soft trim factory. It already has car sales and service networks in the region.

Jacques Nasser

The Autopol plant, which employs 2,700, has Lada and Volkswagen-controlled Skoda as its biggest customers. However, Mr Nasser said: "We believe our investment will enable Autopol to become an internationally competitive supplier throughout Europe."

Ford intends to introduce new equipment, systems and methods at the five plants operated by Autopol.

However, it says the company will not need to overhaul and cut jobs as much as in some other Western takeovers of east European motor industry ventures.

BMW moves into aluminium components

By Kenneth Gooding, Mining Correspondent

BMW of Germany yesterday became the latest important producer to reveal a special interest in developing aluminium car components by signing a co-operation agreement with Norway's Hydro Aluminium. The deal may even involve the production of complete "space frames", skeleton-like frames to which body panels can be fixed.

The two companies said they had been working together for several years to increase the use of aluminium in car structures, and they had now formalised the arrangement.

Car companies are being driven to use much more aluminium to reduce the weight of cars so that they can meet increasingly stringent fuel economy and pollution regulations.

BMW's move comes a few months before the launch by its rival, Audi, part of the Volkswagen group, of an "aluminium-intensive," top-of-the-range, V8 model, developed with Alcoa of the US, the world's biggest aluminium group.

However, BMW said it had no plans for volume production of an entire aluminium car like Audi's.

BMW's M-Technik offshoot is using an aluminium space frame in its prototype E1 electric vehicle for California. At the Geneva Motor Show recently, the group presented the Z13 concept "city car", which has an aluminium frame, recycled plastic panels, and a motor-cycle engine.

Hydro is part of Norsk Hydro, Norway's biggest industrial group and 51 per cent owned by the state. It is quoted on several stock exchanges.

It is the world's biggest producer of aluminium extrusions, and this year started supplying space frames from a Michigan factory for General Motors' new Corvette sports car.

It has also been co-operating on car space-frame concepts since the mid-1980s with various groups, including Renault in France, Porsche in Germany and Pininfarina in Italy.

US employee options rule to be tightened

By Karen Zagor in New York

AN accounting rule change forcing companies to disclose the value of options granted to employees and subtract them from profits, has moved closer.

The US Financial Accounting Standards Board (FASB) has published its exposure draft which is essentially unchanged from an earlier FASB proposal which would force companies to recognise stock options and other stock-based compensation rewards as an expense.

The FASB wants comments on the draft by December 31.

Moody's reviews Eli Lilly rating

By Damian Fraser in New York

MOODY'S Investor Service, the US rating agency, is reviewing the long-term debt of Eli Lilly, the US pharmaceuticals group, for possible downgrade from its current Triple A rating.

Moody's said the review was provoked by concerns the company's product pipeline might not generate enough revenues and profits to justify the agency's highest rating. About $900m of long-term debt of Lilly and guaranteed entities would be affected.

The review comes after last week's abrupt resignation of Mr Vaughn Bryson, Lilly's chief executive, who had been in charge for just 20 months.

Mr Bryson took the blame for Lilly's disappointing sales and product development, losing out in a boardroom struggle. He was replaced by Mr Randall Tobias, a well-regarded vice-chairman at AT&T.

Lilly this week suspended trials of the anti-viral drug Fialuridine (FIAU), once thought to be a potential money-spinner. The drug, seen as a possible cure for hepatitis B, was licensed by Lilly last year. It halted trials after adverse side-effects, and will conduct further studies before deciding whether tests will resume.

Moody's said: "Without FIAU, Lilly's new product line is unusually lean for the intermediate term and may be hard-pressed to offset the maturity of the existing product portfolio."

It said the debt review would assess Lilly's product pipeline, prospects for profitability, and the impact on capital.

Lilly is heavily dependent on sales of the anti-depressant, Prozac, which faces increasing competition, and the antibiotic, Ceclor, which lost part of its patent protection last year, and will lose the rest in 1994. Sales of new drugs, such as Lorabid, an intended replacement for Ceclor, have not taken off.

Lilly reported operating profits of $373.5m in the first quarter, 16 per cent down on the same period in 1992.

Ryder System to spin off aviation

By Nikki Tait in New York

RYDER SYSTEM, the Miami-based transportation group, plans to spin off its aviation business as a separately-quoted company and take a net second-quarter restructuring charge of $169.4m. The plan involves a large jet turbine overhaul shop in Prestwick, Scotland, bought from British Caledonian in 1986.

Existing Ryder shareholders will be offered shares in the aviation company through a tax-free distribution of stock. The new group will be based in Dallas and take in Ryder Airline Services, Ryder Aviall, and Inventory Locator Service.

Included in its assets will be the Prestwick facility, which employs about 800 and works on General Electric engines for airlines such as British Airways, Continental, USAir and British Midland.

Ryder claims to be the world's largest independent supplier of turbine aircraft engine repair services and the biggest distributor of aviation parts and supplies.

Although it plans to shed peripheral operations – Ryder Aviall's business aviation and helicopter engine repair business; its aircraft and terminal services operation at Dallas's Love Field; and a sales unit in Miami – the new company would have had revenues of $1.2bn in 1992, and assets, at end-1992, of $1.2bn.

Profits from the aviation interests, however, fell last year – a trend blamed on lower demand, but which continued in the first quarter of 1993. About $500m of debt – just over a quarter of the total at Ryder – attaches to the aviation interests, and will transfer to the demerged entity.

Demergers have become increasingly popular in the US recently, as companies have attempted to generate investor interest by reshaping.

Ryder claimed the deal would allow both its "highway" transportation interests and the aviation units to "focus more sharply" on their respective markets.

Rhône-Poulenc to divide shares in lead-up to float

By Alice Rawsthorn in Paris

RHONE-POULENC, the French chemicals company poised for privatisation by the new centre-right government, will this month divide its shares in a four-for-one split.

The share split, scheduled for July 12, will apply to Rhône-Poulenc's preferred investment certificates as well as to its ordinary shares.

The nominal value of the shares and certificates will be reduced from FFr100 to FFr25, with investors receiving four new shares for each one already held.

Analysts have interpreted the share split as a means of improving the liquidity of Rhône-Poulenc's equity in the approach to privatisation.

The company confirmed one of its motives was to make its stock more liquid, but said the main reason was to harmonise the price trading level of its ordinary shares in Paris and American Depositary Receipts (ADRs) in New York.

French companies have traditionally attached far higher nominal value to their shares than their Anglo-Saxon counterparts.

Rhône-Poulenc, quoted on the New York Stock Exchange, gave its ADRs a nominal value of a quarter of its ordinary shares, to make them easier to trade in the US. The share split will ensure that both the ADRs and ordinary shares have the same nominal value.

The group has made no secret of its hopes of being one of the first state-controlled companies to be sold in the privatisation drive.

The Balladur government, now putting the finishing touches to its privatisation legislation, has identified 21 candidates for sale and plans to include between three and six in the first round of sales due in September.

The share split should make Rhône-Poulenc's shares more marketable to international investors.

Just over 37 per cent of the group's equity is in public issue, with the state owning 43.4 per cent directly and controlling the rest through public-sector institutions.

Nortel management reorganised

By Robert Gibbens in Montreal

NORTHERN Telecom, the Canadian telephone equipment maker, is reshuffling its international management team following the departure of Mr Paul Stern, the former chairman.

Mr Jean Monty, who took over from Mr Stern as president and chief executive in spring, has promoted several long-serving officers to top strategic positions.

Analysts say this is only the first wave of a broad management restructuring. More changes are due shortly as Nortel moves to shore up its worldwide utility customer base, rebuild labour relations, and restore investor confidence.

The group stock has fallen about 20 per cent in heavy trading on North American exchanges following Mr Monty's warning a week ago that the company would report a second-quarter loss after special charges.

The leading appointments are:

- Mr Roy Merrills, head of the US subsidiary, becomes executive vice-president of a new Americas division and responsible for all marketing in North and South America and the Caribbean.
- Mr Gedas Sakus, now head of the Canadian subsidiary, will head switching equipment operations worldwide, in charge of both manufacturing and product development. He replaces Mr Alan Lutz.
- Mr James Long, now head of the Asia-Pacific subsidiary in Tokyo, becomes executive vice-president of a new division responsible for Europe, Asia and the Middle East.

Rohm to claim royalties from Intel

By Louise Kehoe in San Francisco

ROHM, a Japanese semiconductor maker, said its US subsidiary would claim royalty fees from Intel of the US and other manufacturers of "flash memory" chips. The move follows a US court ruling in a patent dispute between Rohm and Intel.

Exel Microelectronics, a division of Rohm's US subsidiary, said the US Court of Appeals had set aside an earlier decision by the US Patent Office granting Intel "priority" on the flash memory patent. The issue has been referred back to the patent office.

"No makers can make flash memories without using Rohm's patent," Mr Junichi Shikita, managing director of Rohm's semiconductor operations, said.

Intel, however, said it expected the patent office to reaffirm its earlier ruling. The process could take one to two years.

It said: "We don't believe that Rohm has a basis upon which to collect royalties."

Flash memory chips represent the fastest-growing segment of the memory chip market. Although world sales last year were only $310m, analysts project "explosive growth", to $2.8bn by 1997.

Flash memory can be used as an alternative to personal computer disk drives for storing programs and data. The chips are smaller, lighter and more rugged than magnetic data storage devices and are beginning to be used in the latest pocket-sized and notebook computers.

Japanese film group seeks protection

By Emiko Terazono in Tokyo

NIKKATSU, a Japanese film producer and distributor listed on *the main section of the* Tokyo stock exchange, yesterday filed for court protection with debts totalling Y49.7bn ($464.5m).

It is the first time in eight years that a company listed on the TSE first section has filed for court protection under the corporate rehabilitation law.

Nikkatsu, which had diversified into the real estate and golf membership businesses in the late 1980s, said it had been hit by the sharp fall in golf membership prices and interest payment burdens stemming from its real estate business.

Japanese film producers have been facing hard times due to the lack *of hits and waning interest* among consumers for Japanese films.

The downturn of the industry forced most companies to diversify into areas such as real estate and development of old film theatres.

Nikkatsu turned itself into a film producer in the 1970s, later moving into property, golf resorts, and video game arcade businesses in the 1980s, while returning to films for the general audience.

Unlike other Japanese leading film-makers and distributing companies, Nik*katsu* lacks the ties with large *keiretsu* or corporate groupings. Teikoku Data Bank, a private credit research company, said Nikkatsu lost control over its book keeping after the rapid diversification into various businesses.

Nikkatsu's investments in its video software business also became a burden, while the company also faced large losses from its film Rakuyo distributed last summer which was a major box-office failure. For the year to last January, Nikkatsu posted an after-tax loss of Y8.9bn on sales of Y10.5bn.

According to Teikoku, leading lenders to Nikkatsu, which are likely to help in future restructuring, include Sanwa Bank, Fuji Bank, Asahi Bank and Kofuku Bank.

The TSE yesterday suspended trading in Nikkatsu after reports that the company had dishonoured bills.

NTT's regional telephone units post pre-tax loss

By Emiko Terazono in Tokyo

NIPPON Telegraph and Telephone, Japan's leading telecommunications group, said its 11 regional local telephone divisions posted a pretax loss of Y175.7bn ($1.64bn) for the year to March.

The figure will strengthen NTT's argument for dearer local calls, to which the ministry of posts and telecommunications has remained reluctant. In May, the company announced a 29 per cent fall in pre-tax profits to Y247.2bn for the year to March.

NTT has been lobbying heavily since the start of this year for a rise in local rates. This, together with announcements to restructure operations by reducing the number of employees by 30,000 and retail outlets to one-third, has pushed up NTT's stock. Yesterday, NTT's share price rose 2.4 per cent to Y883,000.

In spite of a cut in long-distance inter-city rates in the last fiscal year, due to increasing pressure from competitors, NTT's long-distance division posted a pre-tax profit of Y454.7bn.

The company also announced its business results by type of services. Operating revenue of NTT's call charge service totalled Y561.9bn, while its pay phone service posted an operating loss of Y22.6bn. NTT's car phone service saw an operating loss of Y1.9bn, while its telephone number information service posted an operating loss of Y173.4bn.

CME, Matif in Globex link

By Laurie Morse in Chicago

THE CHICAGO Mercantile Exchange and the Matif, the Paris futures exchange, are to tap into each other's products on the electronic after-hours trading system, Globex.

The Matif began listing on Globex in March, but trading on the French futures and options products has been limited to Matif members.

Starting today, US and French futures traders will have cross-exchange access. "Cross-exchange access is the next logical step in the internationalisation of Globex," said Mr Jack Sandner, Globex chairman.

UK futures traders with Globex terminals are still without access to the Matif products, because the cross-border transactions lack the necessary UK Treasury approvals.

The Matif is the only non-US exchange to have signed on to

Jack Sandner: cross-exchange access next logical step

Globex, a joint venture between the CME, the Chicago Board of Trade, and Reuters.

The year-old system averaged 20,000 per session in June, with more than two-thirds of the volume made up of Matif contracts.

The CBoT will continue to list July, August, and September futures contracts for the high-cap stock index, but has delisted its December and March and June, 1994 contracts. Its agreement with the Amex expires in October, when the contract will presumably move to the CME.

● The American Stock Exchange has confirmed it is to end its 10-year relationship with the Chicago Board of Trade as licensee to trade futures on Amex's Major Market Index.

Mr Howard Baker, senior vice-president of the Amex, said the exchange was negotiating an agreement with the CME, subject to legal and regulatory approvals.

While MMI futures generated very little volume for the CBoT, loss of the contract is a blow to the exchange's prestige.

UK purchase boosts OPSM in Europe

By Bruce Jacques in Sydney

OPSM Protector, the Australian manufacturer, has bought Sabre Safety, the privately-owned UK respiratory equipment group, for A$27.5m (US$18.4m).

OPSM Protector's chairman, Mr Adrian Lane, said yesterday the Sabre acquisition would double the size of the company's European operations and that further acquisitions may follow.

"We now have a major presence in the European personal protection equipment market and are well placed to continue to build our business there and to develop exports to other markets," Mr Lane said.

"Sabre has annual sales of approximately A$37m, of which about 75 per cent are in Europe and the rest are exports to the US, Middle East and Asia Pacific regions."

Sabre, with headquarters in Aldershot, was founded by Mr Michael Glynn in 1969. He will remain with the company as executive director of Protector Safety in Europe.

Air Canada in Seoul

AIR CANADA plans to return to the Asian market by starting a service to Seoul next May in partnership with Korean Air Lines, writes Robert Gibbens in Montreal.

Air Canada will fly three times a week to Korea.

Kmart acquires stake in Australian grocer

By Bruce Jacques in Sydney and Nikki Tait in New York

KMART, the US retailer, has put itself into the forefront of the battle to rationalise the Australian grocery industry by paying A$20.5m (US$13.7m) for a 10.8 per cent stake in Independent Holdings, the South Australian wholesaler.

Kmart, which controls just over 20 per cent of Coles Myer, Australia's biggest retailer, revealed itself yesterday as the buyer of a parcel of 3.2m Independent shares traded at A$6.45 earlier this week.

The Kmart move follows the recent purchase of a 19.9 per cent stake in Independent by Davids Holdings, the privately-controlled Australian grocery wholesaler. Foodland Associated, another big Australian grocery group, also controls 18.5 per cent of Independent.

The Kmart purchase was seen yesterday by analysts as a move friendly to Coles Myer, which has recently moved to block acquisitions in the grocery industry which is one of its major supply sources.

Earlier this year, Coles acquired a 15 per cent stake in QIW, a Queensland grocery group, helping to thwart a hostile *take over attempt by* Davids Holdings. The Trade Practices Commission said yesterday it would hold an inquiry into Kmart's acquisition of Independent shares.

At its Michigan headquarters, Kmart remained tight-lipped about the share purchase. Although the company has been putting increased emphasis on international opportunities recently, and purchased stores in the Czech Republic and Slovakia last year, it described the Independent stake was a "non-strategic investment".

Kmart declined to say whether it had discussed the share purchase with Coles Myer.

In the context of Kmart, one of the largest retailers in the US, the funds involved in the purchase are extremely modest. Kmart's assets at end-January, for example, were put at almost $19bn.

COMPANY NEWS IN BRIEF

Deadline near for NZ Rail float

COMPETING bids from US, UK, French and New Zealand groups appear likely next week when tenders close for the sale of New Zealand Rail, writes Terry Hall in Wellington.

The state-owned company, which operates train services over 4,000 km of track and operates three large ferries between the North and South islands, has been extensively restructured in advance of the flotation. It expects to earn NZ$106m (US$57m) in the current year, against NZ$40.2m last time. The government is said to be hoping to raise between NZ$400m and $NZ450m from the flotation.

● The Hong Kong Futures Exchange plans to introduce a computer quote system for the Hang Seng index options market from Monday, AP-DJ reports from Hong Kong.

The system will provide an indication for option market prices and will be electronically calculated from the underlying futures price.

The new system will provide a guideline for clients to enter bids and offers between the published quotes.

● Marsh & McLennan Risk Capital has organised a new Bermuda-based company, Underwriters Capital (Merrett) to provide whole account quota share reinsurance to the nine syndicates managed by the Merrett Group, a leading Lloyd's underwriting agency.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 02.07.93: Pool purchase price £/MWh	Final Prices for Trading on 04.06.93: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.11	20.49	25.50
0100	18.05	20.49	25.57
0130	18.04	18.07	18.07
0200	18.04	18.07	18.07
0230	18.04	18.07	18.07
0300	18.04	18.07	18.07
0330	18.02	18.07	18.07
0400	18.02	18.07	18.07
0430	18.02	18.07	18.07
0500	18.04	18.07	18.07
0530	20.07	18.05	18.05
0600	20.34	18.49	18.49
0630	20.34	18.49	18.49
0700	23.64	20.49	25.40
0730	23.79	26.10	31.18
0800	24.88	26.10	31.09
0830	27.46	33.00	38.03
0900	27.52	33.00	37.96
0930	29.94	33.00	38.10
1000	29.97	33.00	38.14
1030	28.73	28.72	33.75
1100	29.98	28.72	33.75
1130	33.21	28.72	33.74
1200	33.24	33.00	38.20
1230	33.19	33.00	38.19
1300	33.12	33.00	38.14
1330	26.50	25.92	30.78
1400	26.48	25.92	30.79
1430	26.48	25.92	30.79
1500	26.47	25.92	30.79
1530	26.47	25.92	30.80
1600	25.73	25.92	30.80
1630	27.62	25.92	30.80
1700	34.82	25.92	30.80
1730	34.81	25.92	30.79
1800	34.81	25.92	30.61
1830	24.99	24.65	29.41
1900	24.92	24.19	29.05
1930	24.92	23.89	28.75
2000	24.44	23.58	28.45
2030	24.44	23.58	28.45
2100	24.02	23.58	28.41
2130	33.00	32.99	38.19
2200	33.00	34.00	39.16
2230	33.00	34.00	39.15
2300	33.00	33.00	38.21
2330	24.02	33.00	38.31
2400	22.09	22.17	27.08

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.

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LATIN AMERICAN INCOME COMPANY, SICAV

Registered Office: Luxembourg, 14, Rue Aldringen
R.C. Luxembourg Section B 41298

The shareholders are hereby informed that the Meeting of the Board of Directors of April 28th, 1993 has approved the payment of a special dividend of USD 0.54 per share to shares subscribed and in circulation on June 29th, 1993 payable on July 14th, 1993.

The shares are quoted ex-date June 30th, 1993.

The Directors have decided that the shareholders be given the opportunity to elect to reinvest the dividend proceeds in new shares of the Fund. Shareholders must inform Banque Générale du Luxembourg, the Luxembourg agent, before July 7th, 1993 of their intention to reinvest.

The Board of Directors

LEGAL NOTICES

No 005622 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
Mr. Registrar Buckley

IN THE MATTER OF CHARTER CONSOLIDATED P.L.C.

- and -

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that by an Order dated 29th June 1993 made in the above matters the Court has directed separate Meetings of the holders of (1) the Charter ordinary shares including the shares represented by share warrants to bearer (other than Minorco) (2) the Charter partly paid shares and (3) the Charter restricted rights shares (as respectively defined in the Scheme of Arrangement hereinafter mentioned) of the above-named Company (hereinafter called "the Company") to be convened for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to made between the Company and the holders of its said classes of shares and that such Meetings will be held at 7 Hobart Place, London, SW1W 0HH on Monday, 26th July 1993 at the respective times below mentioned, namely:

(i) the Meeting of the holders of the Charter ordinary shares (including the shares represented by share warrants to bearer) other than those shares held by Minorco at 10 a.m. (London Time) in the forenoon;

(ii) the Meeting of the holders of the Charter partly paid shares at 10.05 a.m. (London Time) in the forenoon (or so soon thereafter as the preceding meeting shall have been concluded or adjourned); and

(iii) the Meeting of the holders of the Charter restricted rights shares at 10.10 a.m. (London Time) in the forenoon (or so soon thereafter as the preceding meeting shall have been concluded or adjourned)

at which place and respective times all such shareholders are requested to attend.

The said shareholders may vote in person at such of the said Meetings as they are entitled to attend or they may appoint another person whether a Member of the Company or not as their proxy to attend and vote in their stead.

In the case of registered joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

Any registered holder of shares entitled to attend the said Meetings can obtain copies of the said Scheme of Arrangement forms of Proxy and copies of the Statement required to be furnished pursuant to Section 426 of the above-mentioned Act at the Office of the Registrars of the Company, Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or at the office of the undermentioned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday, Sunday or a public holiday) prior to the day appointed for the said Meetings.

In order to attend or vote at the Meeting of the holders of the Charter ordinary shares, holders of share warrants to bearer must deposit their share warrants to bearer not less than three clear normal business days before the time fixed for holding the relevant Meeting at the bearer reception office of Barclays Bank PLC, 168, Fenchurch Street, London, EC3P 3HP or at the office of Crédit Lyonnais, Centre de Valence, 10-14 Chemin du Thon 26000 Valence, France. The Company will accept in lieu of the deposit of a share warrant to bearer, a certificate of undertaking and deposit (available from the offices of Barclays Bank Plc or Crédit Lyonnais) executed by a bank or other approved person to the effect that the share warrants to bearer have been so deposited with such bank or approved person and such bank or approved person undertakes to the Company that the share warrants to bearer so deposited will not be released to the depositor thereof except against return of the certificate of deposit and undertaking.

Upon delivery of the share warrants to bearer or a certificate of deposit and undertaking, the depositor will be given a certificate stating his name, address and the number of Charter ordinary shares represented by the relevant share warrants to bearer and a form of proxy so as to enable the depositor to attend the relevant Meeting and vote in person or to appoint a proxy to vote on his behalf at such Meeting. No appointment of a proxy by the holder of a share warrant to bearer shall be effective unless the relative certificate is also deposited together with the form of proxy with Barclays Registrars, or failing which, with the Chairman of the relevant Meeting.

It is requested that forms appointing proxies be lodged:-

(i) in the case of members registered on the South African branch register of the Company with Consolidated Share Registrars Limited, P.O. Box 61051, Marshalltown 2107, Republic of South Africa; and

(ii) in the case of members registered on the United Kingdom register of the Company and holders of share warrants to bearer, with the registrar of the Company: Barclays Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU

in each case not less than 48 hours before the time appointed for the said Meetings but if forms are not so lodged they may be handed to the Chairman of the Meeting at which they are to be used.

By the said Order the Court has appointed Sir Michael Edwardes or failing him Jeffrey William Herbert or failing him Nigel Edward Robson to act as Chairman of the said meetings and has directed the Chairman to report the results thereof respectively to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED the 2nd July, 1993

SLAUGHTER AND MAY,
35 Basinghall Street,
London, EC2V 5DB
Solicitors for the Company
Ref: JMDE

£150,000,000

BRISTOL & WEST
BUILDING SOCIETY

Floating Rate Notes Due 1993

Interest Period	29th January 1993 30th July 1993
Interest Amount per £5,000 Note due 30th July 1993	£155.95

Credit Suisse First Boston Limited
Agent

NOTICE OF REDEMPTION AND PAYMENT OF INTERST

MOLINOS RIO DE LA PLATA S.A.

U.S. $5,000,000

Class A Negotiable Obligations

We hereby inform you that on July 7, 1993 Molinos Rio de la Plata S.A. (the "Company") shall proceed with the redemption of the U.S. $5,000,000 Class A Negotiable Obligations Issue (the "Negotiable Obligations"), as resolved by the Board of Directors of the Company at the *meeting held on June 10, 1993*, and with the payment of interest in respect to the period between June 1, 1993 and July 7, 1993.

Time and Place of Payment: Banco Francés del Rio de la Plata S.A., Reconquista 199, Buenos Aires, and branch offices, from 10:00 a.m. to 3:00 p.m.

Interest Rate: 7.9437% per annum, based upon the 90-day LIBOR, plus 4.6 percentage points per annum. The LIBOR, which was set at 3.3437% per annum, was determined on the basis of the average of rates duly informed by Bankers Trust Co. New York and Swiss Bank Co. New York branch. Consequently, the yield to be paid will equal to 0.79435% on each Negotiable Obligation, with a U.S. $0.6250 residual value.

Redemption: The Company will pay the issue balance outstanding which amounts to 62.50% of the original principal amount.

Payment: The redemption price to be paid, equal to the par value of the outstanding principal amount plus accrued and unpaid interest at July 7, 1993, will equal 62.9965% in United States Dollars on each Negotiable Obligation of nominal value U.S. $1. The Company will pay such amounts upon delivery and surrender of certificates with coupons 11 to 19 attached.

Certificates presented between July 1 and 6, 1993 will be paid on July 7, 1993. Certificates presented after July 7, 1993, shall be paid on the second business day following their effective surrender at the Securities Division of the Banco Francés del Rio de la Plata S.A.

Negotiable Obligation will cease to be outstanding on July 6, 1993.

Buenos Aires, July 2, 1993

Molinos Rio de la Plata S.A.

Nolly Sirkis, *President*

THE FIRST MEXICO INCOME FUND N.V.

Incorporated in the Netherlands Antilles

NOTICE OF DIVIDEND

Shareholders are informed of a dividend of US$0.68 per share of Common Stock to holders of record as of July 8, 1993.

The ex-dividend date will be July 8, 1993.

The dividend will be payable as from July 15, 1993. Payment of the dividend on the bearer shares will be made against surrender of coupon no. 12 detached from the share certificates which for this purpose shall be lodged at:

MEESPIERSON N.V.
ROKIN 55,
1012 KK Amsterdam,
The Netherlands

which acts as Paying Agent on behalf of the undersigned.

June 30, 1993

MEESPIERSON TRUST (CURACAO) N.V.

WOOLWICH
- Building Society -

£125,000,000

Floating rate notes due 1997

Notice is hereby given that the notes will bear interest at 6.25% per annum from 30 June 1993 to 30 September 1993. Interest payable on 30 September 1993 will amount to £157.53 per £10,000 note and £1,575.34 per £100,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

THE COMMERCIAL BANK OF KOREA LTD.

US$ 50,000,000

Floating Rate Notes due 1994

Interest Rate: 3.9125% p.a.

Interest period : from 2nd July, 1993 to 4th January, 1994

Interest payable per US$ 1,000,000

Notes : US$ 20,214.58

By Fuji Bank (Luxembourg) S.A.

£150,000,000

HALIFAX

BUILDING SOCIETY

Floating Rate Loan Notes Due 1996 (Series A)

Interest Rate	6.1425%
Interest Period	30th June 1993 30th July 1993
Interest Amount due 30th July 1993 per	
£ 5,000.00 Note	£ 25.24
£50,000.00 Note	£252.43

Credit Suisse First Boston Limited
Agent

INTERNATIONAL CAPITAL MARKETS

Surprise German rate cuts prompt profit-taking

By Peter John in London and Patrick Harverson in New York

SURPRISE cuts in Germany's key interest rates yesterday signalled a wave of rate reductions throughout Europe and prompted profit-taking in government bond markets.

The Bundesbank had been under intense pressure to ease rates for some time both within the market and also from the international community.

GOVERNMENT BONDS

The central bank's perceived desire to double bluff the markets and its will to maintain its independence from French pressure were seen as cogent reasons why it might delay any changes until the next meeting on July 15.

But when the Swiss National Bank cut its discount rate by half a point to 4.5 per cent, the market was fully prepared for a German move.

The Bundesbank's reduction of its key discount lending rate by half a point, to 6.75 per cent, and of its Lombard rate by a quarter of a point, to 8.25 per cent, was seen as bowing to the inevitable.

The Bundesbank also cut its repo rate by 28 basis points to 7.3 per cent.

The central bank gave a favourable exchange rate as the rational for cutting, but most economists felt this was disingenuous and argued that the broadcasting of the government's spending cut proposals provided the main impetus.

Mr Neil MacKinnon, economist with Citibank, said the government's proposed DM25bn in spending cuts were not big enough.

"I think we will see further rate cuts in the months ahead. Much depends on money supply growth and inflation but I forecast a discount rate of 5 per cent by the end of the year," Mr MacKinnon added.

Bund futures for September were sold down half a point to 95.36.

Meanwhile, it was announced in Frankfurt that Treuhand, the agency charged with the privatisation of former east German assets, would launch a new 10-year bond on Tuesday.

■ THE GERMAN move could give France an opportunity to reduce its own rates next week, but the immediate reaction in the French government bond market was sharp profit-taking.

September futures on the Matif fell just under half a point to 119.38, with dealers saying a French easing was already priced into the market.

One economist said that investors had heavy positions in French OATs and were looking for the next rising market.

There are various comparable benchmarks for short-term benchmarks, but a number of investment houses are looking at the French intervention rate, which sets the floor for French money market rates, and the German discount rates.

Ten days ago, the intervention rate fell the below the discount for the first time in 26 years.

To sustain that position, the Banque de France would need to ease by half a point, but most analysts feel it will do so in two stages rather than make a dramatic point when it conducts its money market operations on Monday.

■ IN LONDON, gilts traded lower, partly because the appetite for stock was taken up with the latest tap.

Buying of the Bank of England's £800m issue of 9 per cent stock dated 2008 began yesterday morning. The first tranche of the partly-paid stock was sold at 30 and the second tranche at 30.04. The issue was not fully cleared by the close of trading.

The market was also digesting Tuesday's auction of £3.25bn of 8 per cent stock due 2003.

At Wednesday's auction, the average accepted price was 101.29 to give an average yield of 7.72 per cent.

■ ELSEWHERE in Europe, a number of central banks cut rates. Denmark lowered its discount rate to 7.25 per cent from 7.75 per cent, effective today.

Austria cut its discount, Gomex and Lombard rates by 25 basis points effective today. The new discount rate will be 6 per cent, the Gomex money market intervention rate will be 6.75 per cent and the Lombard rate will be 7.25 per cent.

Ireland cut its short-term rates by 0.25 per cent to 7.5 per cent.

In Sweden, the Riksbank announced an expected cut in the key marginal lending rate to 8.5 per cent from 8.75 per cent effective July 5.

Belgium and the Netherlands, cut their discount rates to 6 per cent from 6.25 per cent and their emergency lending rates by the same margin to 8.50 per cent effective today.

■ US TREASURY prices were little changed yesterday morning, with trading subdued ahead of today's employment report.

By midday, the benchmark 30-year government bond was unchanged at 105¾, yielding 6.674 per cent.

At the short end of the market, the two-year note was up $\frac{1}{32}$ at 100¼, to yield 3.977 per cent.

The morning's economic news – a larger-than-expected 11,000 drop in weekly jobless claims, and a decline in the National Association of Purchasing Managers' index from 51.1 in May to 48.3 in June – had mixed implications for bonds.

The NAPM figure, which was weaker than expected, lifted prices slightly, buoying hopes that today's employment report for June would display continued weakness in the national labour market.

The only other feature of the day was some early speculative buying on rumours that the Federal Reserve had called an emergency meeting for today.

It did not take long, however, for the Fed to explain that there was no emergency, and that its routine Monday meeting had simply been brought forward because of the Independence Day holiday.

FT FIXED INTEREST INDICES

	July 1	June 30	June 29	June 28	June 25	Year ago	High *	Low *
Govt Secs (UK)	97.43	97.22	97.13	97.20	96.88	89.40	98.04	93.28
Fixed Interest	115.42	115.24	115.14	114.83	114.60	106.77	115.42	108.67

Basis 100: Government Securities 15/10/26; Fixed Interest 1928.
* for 1993. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 115.42 (1/7/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	June 30	June 29	June 28	June 25	June 24
Gilt Edged Bargains	119.5	103.8	98.1	98.6	113.2
5-Day average	106.6	104.0	104.2	105.7	107.1

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		9.500	08/03	114.7404	-0.234	7.40	7.58	7.74
BELGIUM		9.000	03/03	113.7300	-0.120	7.00	7.12	7.39
CANADA *		7.250	06/03	99.3500	+0.100	7.34	7.38	7.49
DENMARK		8.000	05/03	107.9600	-0.130	6.88	6.90	7.56
FRANCE	BTAN	8.000	05/98	107.3827	-0.262	6.18	6.15	6.79
	OAT	8.500	04/03	111.9100	-0.510	6.79	6.71	7.28
GERMANY		6.75	04/03	100.5250	-0.430	6.67	6.68	6.90
ITALY		11.500	03/03	102.6850	+0.555	11.34†	11.46	12.36
JAPAN	No 119	4.800	06/99	103.1358	+0.245	4.14	4.27	4.47
	No 145	5.500	03/02	107.4574	+0.490	4.32	4.43	4.65
NETHERLANDS		7.000	02/03	103.8100	-0.150	6.44	6.45	6.71
SPAIN		10.300	06/02	100.9784	-0.001	10.12	10.02	11.06
UK GILTS		7.250	03/98	101-25	+6/32	6.80	6.90	7.11
		8.000	06/03	102-11	-3/32	7.68	7.70	8.09
		9.000	10/08	108-18	-4/32	8.01	8.07	8.49
US TREASURY *		6.250	02/03	103-16	-2/32	5.77	5.88	6.11
		7.125	02/23	105-27	-6/32	6.67	6.74	6.93
ECU (French Govt)		8.000	04/03	106.1600	-0.140	7.10	7.11	7.35

London closing. *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

European paper tops performance charts for June

By Sara Webb

EUROPE'S high-yielding government bond markets topped the bond performance charts for June, reflecting expectations that interest rates in Europe will continue to fall.

Italy showed the strongest performance in local currency terms with a gain of 4.65 per cent last month, according to J.P. Morgan's Government Bond Index Monitor.

Spain showed a return of 3.61 per cent – as the general election result in early June sparked a rally in the market, – followed by Denmark, with 3.44 per cent, and the UK, with 3.36 per cent.

"Pressure continues to mount for high European real interest rates to decline," J.P. Morgan points out in its monthly report. Although France, Belgium, the Netherlands, Austria, Portugal and Ireland all eased during the month, the combination of slow growth, rising unemployment and concern about structural deficits has raised hope of further easing in interest rates.

"Bond markets worldwide provided investors with positive returns during June. These local currency gains were recorded as the marketplace adjusted to the realisation of deep-seated economic weakness throughout Europe, and the concomitant implications for future yield curve movements", J.P. Morgan says.

The US bank points out that while the Italian-German 10-year yield spread has narrowed from about 627 basis points at the start of the year to 461 basis points, "yields in Italy still have room to moderate, especially in view of recent currency stability".

For US-based investors, the strength of the dollar has meant that the US Treasury bond market has provided the biggest monthly return, with a gain of 2.04 per cent, followed by Japanese government bonds with a return of 1.94 per cent.

US debt and equity issues at record high

By Patrick Harverson in New York

US COMPANIES issued record amounts of debt and equity during the first half of this year, according to the financial information group Securities Data.

Stocks and bonds worth $530bn were sold in the first six months of 1993, well above the previous record of $445bn set in the first half of 1992.

The continued boom in debt offerings was fuelled by the lowest interest rates in three decades, which encouraged many companies to pay off older, more expensive, debt with new, cheaper debt.

This corporate refinancing was accompanied by continued strong demand for equity from companies.

A record $47bn in new shares was sold between January and the end of June, more than half of it in the form of initial public offerings (IPOs), or company flotations. Rising stock prices (the Dow Jones Industrial Average hit an all-time high in May) and heavy demand from investors were the main factors behind the rush into equity.

The surge in underwriting business has filled the coffers of Wall Street securities firms, which earned a record $4.3bn in fees during the first half of the year. Merrill Lynch once again led the field, earning $678m from domestic underwriting, followed by Goldman Sachs, Lehman Brothers, Morgan Stanley and Salomon Brothers.

Although debt and equity issuance hit a record, the pace of growth is slowing slightly. The amount of new securities sold in the second quarter was down 5 per cent from the first quarter to $255bn.

Abbey National takes advantage of bullish Eurolira sector

By Sara Webb

THE Bundesbank's decision to cut interest rates provided a bullish backdrop for the international bond market, and helped to ensure a good reception for yesterday's trickle of new bond issues.

Abbey National Treasury Services launched a L200bn, 10-year issue with a 10 per cent coupon which attracted considerable interest from investors who cherish a high return, especially continental European retail investors. The borrower was particularly keen to take advantage of the bullish tone in the Eurolira sector.

"The interest in Italian lira stems from people looking for the extra yield," said Mr Roger Bates, at lead-manager Deutsche Bank London. "For investors, this is probably one of the few remaining chances to buy a double-digit coupon, added to which this is a well-respected borrower."

INTERNATIONAL BONDS

The German rate cut boosted the Italian government bond market and helped to lift prices in the Eurolira sector.

The bonds, issued at 101.075, traded within full fees of 2 points throughout the day, rallying to 99.80 by mid-afternoon.

Abbey National last tapped the Eurolira sector in June 1991 with a five-year issue. Mr Alex Brown, head of capital markets at Abbey National, said the proceeds would be used to fund the UK bank's mortgage subsidiary in Italy. The bonds were swapped into floating rate lira to give funding at the London interbank offered rate.

Rank Xerox Finance yesterday tapped the Eurosterling sector with a £125m, 10-year issue priced to yield 105 basis points over the 10-year gilt. CSFB, the lead manager, said the deal was snapped up largely by UK investors although there was some overseas interest.

Other sterling houses praised the deal, noting that there has been good demand for sterling paper recently. "The deal offers a healthy spread over the gilt, and there are plenty of UK institutions looking for greater yield enhancement" said one syndicate head.

Mr John Edwards, deputy group treasurer at Rank Xerox, said the borrower had been keen to extend its debt profile and take advantage of the relatively attractive swap opportunities. Some of the deal was swapped into floating rate sterling while some was kept in fixed rate sterling.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
STERLING							
Rank Xerox Finance (Neth.)	125	8.75	99.235R	Jul.2003	0.375R	+105 (8%-03)	CSFB
FRENCH FRANCS							
Cetelem	1.5bn	7.875	99.256R	Jul.2008	0.5R	+92 (8½%-08)	Banque Paribas
ITALIAN LIRA							
Abbey Natl. Treasury Services	200bn	10	101.075	Jul 2003	2	-	Deutsche Bank London

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. R: fixed re-offer price; fees are shown at the re-offer level.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6.55 pm on July 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield	OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9⅛ 94	200	105	105⅜	-¼	4.29	Arbed 7½ 95 LFr	600	99⅝	100⅝		7.70
AlbertaProvince 9⅜ 95	500	110	110⅜		4.70	ECSC 7¾ 94 LFr	1000	103½	[illegible]		7.61
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Further sections: DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; SWISS FRANC STRAIGHTS; CONVERTIBLE BONDS; YEN STRAIGHTS — [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.cpn=The current coupon. [illegible] CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. [illegible] Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	56	12	10
Other Fixed Interest	5	1	9
Commercial, Industrial	245	252	904
Financial & Property	202	82	513
Oil & Gas	18	12	53
Plantations	1	2	5
Mines	45	24	70
Others	53	32	55
Totals	628	417	1,619

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
125	F.P.	-	132	120	AG Holdings	132	+1	R5.25	1.9	5.0	12.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1993 High	1993 Low	Stock	Closing Price	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
285	Nil	11/8	56pm	34pm	Hammerson	34pm	-3
255	Nil	11/8	55pm	32pm	Do A N/V	32pm	-5
133	Nil	-	24pm	22pm	Hardy Oil	22pm	
240	Nil	9/8	115pm	115pm	Hodder Headline	115pm	
350	Nil	27/7	57pm	39pm	MEPC	50pm	-2
320	Nil	9/8	76pm	65pm	Matthew Clark	76pm	+4
132	Nil	4/8	21pm	15pm	Norcros	17pm	+2
102	Nil	28/7	29pm	20pm	Sanderson Murray & E	26pm	
480	Nil	10/8	79pm	58pm	Utd. Newspapers	58pm	-12
148	Nil	13/8	20pm	16pm	Wimpey (G)	16pm	-½

b Figures based on prospectus estimates. N Figures based on IMR 'Headline Earnings' draft proposals. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. ‡ Unlisted securities market. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings June 28
- Last Dealings July 9
- Last Declarations Sept. 30
- For settlement Oct. 11

3-month call rate indications are shown in Saturday editions.

Calls in: Avesco, Aitken Hume, Colorgen, Copymore, Euro. Disney, Flextech, Gent (SR), LFI, Lopex, P & P and Tadpole. Puts in: Aitken Hume, Glynwed, Lopex and MR Data.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Allied-Lyons	500	40½	56	64½	3	12	19
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd Biscuits (*387)	360	34	47½	55½	4	12	21½
	390	13	30½	39½	15	26	35½
Option		Jul	Oct	Dec	Jul	Oct	Dec
Fisons (*177)	160	22	30	33½	3	9	13½
	180	8	18½	23½	11	18½	23½

Option		Calls Aug	Calls Nov	Calls Feb	Puts Aug	Puts Nov	Puts Feb
Brit Aero	330	25	45½	59½	27	37	47½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT-SE INDEX (*2880) — [illegible]

EURO FT-SE INDEX (*2880) — [illegible]

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Thu Jul 1	Day's change %	Wed Jun 30	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (25)	127.98	+0.20	127.73	[illegible]	[illegible]
2	5-15 years (23)	149.69	+0.07	149.58	[illegible]	[illegible]
3	Over 15 years (9)	162.76	+0.06	162.65	[illegible]	[illegible]
4	Irredeemables (6)	184.07	+0.40	183.33	[illegible]	[illegible]
5	All stocks (63)	145.72	+0.11	145.56	[illegible]	[illegible]
	Index-Linked					
6	Up to 5 years (2)	185.94	+0.28	185.41	[illegible]	[illegible]
7	Over 5 years (11)	175.76	+0.24	175.35	[illegible]	[illegible]
8	All stocks (13)	176.01	+0.24	175.58	[illegible]	[illegible]
9	Debs & Loans (65)	133.04	+0.36	132.81	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS (Thu Jul 1, Wed Jun 30, Year ago) — [illegible]

Services group to benefit from European unity

Hays expands in £32m German acquisition

By Andrew Bolger

HAYS, the UK business services group, has furthered its pan-European ambitions by acquiring a national distribution business in Germany.

Hays will pay an initial £32m in cash for a 75.1 per cent stake in Mordhurst, a private company with more than 500 employees and operations throughout Germany, including the former East Germany.

Mordhurst, based in Kiel, specialises in multi-user warehousing and next-day delivery for manufacturers of car parts, agricultural chemicals, oils, office products and wine and spirits.

Mr Ronnie Frost, executive chairman of Hays, said: "We believe that the current recession in Germany will accelerate the trend towards the use of third party distribution contractors such as Mordhurst, as has been the case in the UK and France."

Hays, which in the UK distributes for retailers such as J Sainsbury and Marks and Spencer, last year paid £37.5m for Fril, a French distribution company with a national network.

Mr Frost said: "We will now be able to offer pan-European manufacturing and retail customers a comprehensive distribution service operating on both a dedicated and multi-user basis."

Last year Mordhurst made pre-tax profits of £8.5m on turnover of £64.8m. It has net assets of £10m and borrowings of £8m. The acquisition will increase Hays' gearing from 30 to 55 per cent.

The remaining 24.9 per cent of Mordhurst's equity is owned by Mr Hermann Rothert, managing director, who will continue to run the business. Hays has a profit-related option to acquire his stake from 1998, for a maximum of £34m.

Mr Frost said: "As Germany recovers from recession, we expect the economies of eastern Europe to grow particularly strongly. German manufacturers will take advantage of this growth and are expected increasingly to use third party contract distribution specialists to provide an efficient service throughout Germany and into eastern Europe."

On current trading, Mr Frost said a number of the group's businesses had seen clear, measurable signs of recovery in the UK.

Hays shares closed 5p higher at 239p.

ICI to get £235m in swap with Du Pont

By Paul Abrahams

IMPERIAL CHEMICAL Industries, the UK group, and Du Pont of the US, yesterday announced the completion of the swap of their respective fibres and acrylics operations.

ICI will be paid up to £235m because of the difference in value between the two businesses. This is less than the £250m mentioned at the time the deal was first struck in April last year because of the deteriorating market for European fibres. ICI stressed yesterday it was exiting a business that loses money for one that makes it.

The British company will receive £100m shortly after the deal is completed. A series of deferred payments totalling £110m will follow between 1994 and 2002. There is also a performance related payment of up to £25m if turnover at ICI's nylon textile filament business meets agreed targets between 1994 and the end of the decade.

The disposal of ICI's nylon business and associated costs will lead to an exceptional pre-tax loss of about £70m. ICI loses about 5,200 employees from the deal, while it recruits about 350 from Du Pont.

The deal had been delayed by the US Federal Trade Commission. The FTC has insisted that ICI divests to a third party a proportion of its downstream acrylics polymer production. It is understood that this will affect one US plant which was not acquired as part of the deal. ICI already has two American acrylics operations, K-S-H, which it bought in 1989, and Continental Polymers which it acquired in 1991. Both manufacture acrylic extruded sheet and moulding polymer.

Du Pont's acrylics business, had turnover last year of about £200m. The assets, stock and goodwill of the business, which is profitable, was estimated at £180m-£190m.

ICI's fibres operations had a turnover of £585m last year, and incurred a loss of £13m. Assets, stock and goodwill were valued at about £360m.

Policy Port joins market in placing

Policy Portfolio, a market-maker in second-hand endowment policies, is joining the main market via a placing of 3.6m shares at 130p per share.

The company will have a market capitalisation of £10.4m at the placing price. Exactly 2.5m new shares are being issued, raising £2.9m for the company after expenses, with 1.1m shares being sold by existing shareholders.

Following the placing, the Rubin family and associates will control 54 per cent and have undertaken not to sell further shares until January 1 1995.

Pre-tax profits have increased from £245,000 in the year ended March 30 1991, to £817,000 in the year to end March 1993. At the placing price, the shares are on a p/e ratio of 13.3.

The directors expect to recommend a dividend of 4.5p in the year to end March 1994, putting the shares on a notional gross dividend yield of 5.8 per cent.

Field oversubscribed and goes to ballot

By Maggie Urry

THE PUBLIC offer for sale of shares in Field Group, the carton maker, was 7.4 times subscribed and smaller applications will go into a ballot for shares.

Ballots are generally used in cases of heavy over-subscription for new issues, and were frequently used at times when the flotation market became overheated.

Bankers yesterday were trying to recall when a ballot was last used, giving examples such as the flotations of Harry Ramsden's, the fish and chip shop, in 1989 and Thorntons, the chocolate retailer, in 1988.

The group offered 12.1m shares to the public after placing 22.5m shares with institutions. There were 46,280 applications in the public offer for a total of 89.7m shares.

When the issue was priced at 250p a share some analysts said the pricing was on the high side, giving an historic p/e of 17.7.

Dealings will start on Wednesday July 7.

Mr Keith Gilchrist, chief executive, said he was pleased with the response. Field and its advisers had run various methods of allocating the shares through a computer but could not find a way to allocate economic quantities of shares without a ballot.

Applications for 200 to 500 shares will go into a weighted ballot for 200 shares, and applications for 750 to 2,000 shares will be in a weighted ballot for 400 shares.

Higher applications will be scaled down, with 3,000 to 10,000 share requests getting 13.5 per cent of the amount, and applicants for 15,000 to 500,000 getting 10 per cent. Applications above 500,000 will get nothing.

Over half of those who applied will get something, but those in the ballot have about a one in three chance of success.

Cheques submitted for unsuccessful applications will not be cashed.

Asda Property calls for £16.3m

By Vanessa Houlder, Property Correspondent

ASDA PROPERTY Holdings yesterday announced a £16.3m rights issue on a 2-for-5 basis to finance more property deals.

The Davidson family, which owns a controlling stake, will not take up its rights entitlement which will be placed with institutions. Its stake will be reduced from 56.5 per cent to 40.4 per cent.

The cash call involves the issue of 22.4m shares.

The group is gradually pulling out of the tenanted residential sector, which accounts for just 10 per cent of its holdings. It has reinvested the money in commercial property, which has absorbed £42m in new acquisitions since September 1991.

The rights issue will reduce the company's gearing from 135 per cent (treating convertible preference shares as debt) to 85 per cent. However, Mr Tony Roscoe, managing director, said Asda was expecting to make about £30m of acquisitions by the end of the year which would push gearing back to its pre-issue level.

"The board believes that the combination of a large number of unwilling holders of property and the relatively small number of well-financed active property companies specialising in the smaller end of the sector will mean that further attractive opportunities to make selective acquisitions will be available," it said.

● COMMENT

Despite the glut of rights issues from property companies that need to be absorbed by institutions, Asda's cash call will probably be well received. The company is generally well liked in the City, having made some shrewd investments at the bottom of the property cycle. This issue will give it the opportunity to make another £30m of acquisitions, which will be focused on small, high yielding property where there is scope to improve value by active management. The issue involves a relatively modest dilution of Asda's assets of about 2 per cent. The Davidson family's decision not to take up a rights issue may benefit the company in that it will increase the liquidity of the shares. Where the company's other shareholders are concerned, the issue is likely to be supported.

London & Met talks to banks again

By Paul Taylor

LONDON & METROPOLITAN, a property company with negative net worth of £54m, has begun discussions with its bankers aimed at securing agreement on its second financial restructuring in three years.

The company, which has debts of £120m, said yesterday that the discussions with its banks, led by the Bank of Scotland, were "proceeding satisfactorily".

In a statement which accompanied the 1992 results, which showed reduced losses, the company said it hoped an agreement could be reached "expeditiously", and that details of the restructuring would be available by the end of August.

The latest discussions were made necessary by the increase in negative net worth from £44m at the end of 1991, and because the banks' loans and working capital facilities expired at the end of June having been extended for a year last summer.

The company has been struggling since a £100.3m loss in 1990, mainly reflecting provisions against falling property values, precipitated a financial restructuring in March 1991.

At the time the banks accepted warrants in return for injecting new working capital, converting unsecured debt into five year debt and extending their secured debt.

Yesterday the group reported a reduced operating loss on continuing operations of £7.4m in the year to December 31 compared to a £13.7m loss the previous year. Turnover fell to £25.9m (£28.4m).

Net interest costs fell slightly to £12.2m (£12.3m) producing a pre-tax loss on ordinary activities of £19.6m (£26m). The loss attributable to shareholders was £17.2m (£25.2m) and losses per share dropped to 30.2p compared with 44.3p a year earlier.

Measurement an irony of fund management

By Norma Cohen, Investments Correspondent

IT HAS been an irony of index fund management that the total returns of fund managers depended to a certain extent on just who was measuring.

Thus, the daily publication starting today of the FT-SE and FT-Actuaries indices showing total returns represents an effort by the two main performance measurement services to agree on the best way to measure it.

For the 1992 calendar year, for instance, Combined Actuarial Performance Services calculated the total return of the FT-A All-Share Index at 20.6 while WM Company, its leading competitor, calculated it at 20.4 per cent. In previous years, the divergence has been as wide as 0.4 per cent – a significant divergence for fund managers who promise to track the index within 0.1 per cent of its total return.

"It is all about accountability," said Mr James Woodlock, managing director of Barclays de Zoete Wedd Investment Management, the UK's largest index-tracking fund manager. "I have frequently been asked at trustee meetings to explain the divergence between our own performance and that of the index," he said.

The most significant factor has been the assumptions made about reinvestment. "If I know how the index is calculated, I can run my reinvestment on that same basis."

Thus, publication of clearly defined and uniform criteria may cause some shifts in the way passive index-tracking fund managers handle assets under their control.

Mr John Clamp, chief executive of CAPS, said that the chief distortion in calculations of total returns may have come during periods when dividends were rising sharply. "The use of gross dividend yield in a period when dividends are rising sharply will underestimate the total return."

CAPS intends to retroactively calculate its indices back to 1987 so that pension fund trustees may form a different view of performance, he said.

FT-SE Actuaries Share Indices changes

TODAY'S FT-SE Actuaries Share Indices table, published on the London Stock Exchange page, includes for the first time two new features approved by the FT-SE Actuaries Share Indices Steering Committee last April.

● Total return figures, calculated at the close of each trading day, will now be shown for the FT-SE 100, FT-SE Mid 250, FT-SE-Actuaries 350, FT-SE SmallCap and FT-Actuaries All-Share indices.

● The FT-SE Mid 250 Index, calculated in real time and displayed from yesterday on many information services' screens, will be shown both in its present form and without its investment trust company constituents.

A further small improvement in the presentation of the table has been introduced, altering the order of the columns of calculated ratios so as to place dividend yield before earnings yield.

The total return indices are designed to take account both of the price performance of stocks and also of the income received from dividends, thus providing investors with an accurate measure of each sector of the market against which the performance of a portfolio can be compared.

The total return figures are calculated gross of tax and assume that dividends and tax credits are reinvested immediately on the ex-dividend date.

Investors who wish to calculate their total return net of tax can do so by using the ex-dividend adjustment data already published daily in the FT-SE Actuaries Share Indices table.

The total return indices have been calculated since December 31 1992, when the value was set at 1000.00.

Back data from December 31 1987 for the FT-Actuaries All-Share Index and the FT-SE 100 Index has been calculated by the London Stock Exchange.

The method for calculating the total return indices was designed by a working party set up by the Institute of Actuaries and the Faculty of Actuaries, chaired by Mr David Wilkie of R Watson & Son.

Calculation of the FT-SE Mid 250 Index without investment trusts is expected to show significant divergence from the performance of Mid 250 itself, based on experience since the start of this year when the FT-SE SmallCap was first calculated with and without investment trusts.

The FT-SE Mid 250 Index currently contains 32 investment trust companies, accounting for about 10 per cent of market capitalisation. Their exclusion provides investors with an opportunity to measure the market in shares of medium-sized companies without "double counting" of shares held in the investment trusts' portfolios.

● *Information on the method for calculating the total return indices is available from The Manager, FT Statistics, One Southwark Bridge, London SE1 9HL. Fax: 071-873-3090. Tel: 071-873-4007.*

● *Information regarding historical data for the new total return indices is available from FT Information Services at One Southwark Bridge, London SE1 9HL. Fax: 071-873-4610. Tel: 071-873-4613.*

● *Information regarding back history of the FT-SE Mid 250 Index ex-ITs is available from the Index Unit, London Stock Exchange, London EC2N 1HP. Tel: 071-797-3302.*

EGM called at Seafield

WATERGLADE International Holdings, the property group, said that one of its wholly owned subsidiaries and other shareholders of Seafield had requested an extraordinary general meeting to consider boardroom changes.

The meeting would seek the removal from the board of Mr Brian Chilver, chairman, Mr David Burke and Mr David Stacey, and the appointment to the board of Mr David Cunningham, Mr Thomas Megas, Mr Peter Voller and Mr David Grove, who are directors of Waterglade.

On Wednesday Seafield, the Dublin-based transport, warehousing and property group which is negotiating a restructuring, reported halved pre-tax losses of £11.1m for 1992.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
BPB Inds	fin	4.8	Aug 20	7.25	7.5	11.25
Compco	fin	12.96	-	12.96	12.96	12.96
Eurocamp	int	3.45	Aug 27	3.45	-	9.75
Gibbs Mew §	fin	4.5†	Oct 1	3.75	7.5	6.75
I&S Optimum Inc	fin	1.85	Aug 9	1.85	7.4	7.25
Partridge Fine	int	1.2	Sept 6	1	-	2.25
Quayle Munro	int	3	July 29	-	-大	-
Southern Elect	fin	14	Oct 13	11.76	19.6	16.66
TR Technology	fin	1.75	Aug 26	1.75	1.75	1.75
Umeco §	fin	1	Aug 14	1	1.75	1.75

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. 大Final of 3p indicated.

Shares fall 28p on warning of full year setback

Eurocamp hit by sharp downturn in bookings

By Maggie Urry

A 15 per cent fall in the market for self-drive camping and caravanning holidays from the UK to France has hit Eurocamp, which warned yesterday that annual pre-tax profits would fall by 30 to 35 per cent from the £9.4m recorded in 1992.

In the half year ended April, Eurocamp, the market leader, saw pre-tax losses up slightly from £4.96m to £5.12m.

The shares dropped 28p to 203p on the news, although the interim dividend is held at 3.45p and the group said it would be cash neutral during the year.

Mr Tom Neville, chairman, said that booking volumes were 5 per cent down for the 1993 summer season. Earlier in the year the group decided to maintain its capacity in hope of a late booking surge, but this had not happened with the consequence that occupancy rates fell by 6 per cent.

Mr Richard Atkinson, managing director, said sales for June and July had been particularly poor. Holidaymakers had been put off by the fall in the pound against the French franc, and the poor weather in France in 1992.

Mr Gordon Harman, finance director, said the fall in UK bookings had been partly offset by a 5 per cent rise in bookings from the Netherlands and Belgium and a 10 per cent increase from Germany and Switzerland.

The fall in occupancy rates had a "material effect on profits" Mr Harman said. However, he added that at 96 nights out of a 115 night season, the occupancy level was still high by industry standards. The break-even rate was 35 nights, he said.

The forecast fall in profits would leave margins at about 11 per cent against 15.5 per cent last year. Mr Harman said that it was now unrealistic to expect to regain the group's historical level of margins, although some recovery was looked for in 1994.

Mr Atkinson said the group was looking at cost control, though it did not want to compromise on its standards of tents and mobile homes which are higher than its competitors. It would have to address customers looking for value, though would not chase those only concerned with the lowest price.

Operating losses were £4.87m (£4.57m) and net interest costs were down from £392,000 to £266,000. Losses per share were 13.2p (12.9p).

● **COMMENT**

Eurocamp has found the competition tougher in a declining market and will have to demonstrate a strong response before investors can become enthusiastic about the shares. The lead times in the business mean that it will be next March before there are firm signs about 1994 bookings. Before then Eurocamp has to fix its brochure prices, with a structure tailored to address the problem of poor mid-season bookings. The forecast fall in profits suggests an outcome of about £6.35m, and a prospective p/e of 12.5. Unless everything is gloomy the final dividend should be maintained giving a yield of 6.4 per cent covered 1.6 to 1.7 times.

Crest Nicholson reduces interim deficit to £3.9m

By Andrew Taylor,
Construction Correspondent

CREST Nicholson, the Surrey-based housebuilder, incurred a pre-tax deficit of £3.9m in the six months to April 30.

The outcome compared with a restated loss of £4.39m last time; figures for both periods were calculated on the basis of the new FRS 3 accounting standard.

Directors said that in the light of the outcome they had decided it would not be appropriate to pay an interim dividend but would review the position at the end of the year.

After all deductions, the group incurred a retained deficit of £3.7m (£4.55m), equivalent to losses per share of 4.84p (5.95p).

Mr John Callcutt, chief executive, said the group had made a loss despite a "robust improvement" in the UK housing market since the new year.

Housing sales and reservations were up about 15 per cent since the end of October. The rate of recovery, however, had slowed since the end of May.

Housing operations made a pre-tax profit of £1.45m, against losses last time of £1.64m. Mr Callcutt said that this was a creditable performance given that the first half, traditionally, is weaker for house sales.

The results were also helped by a 20 per cent reduction in overheads compared with a year ago.

Crest was let down by its commercial property operations which incurred a £3.9m pre-tax loss (£1.45m loss) and by its construction division which lost £255,000 compared with profits of £2.55m.

The market for commercial property had improved in recent weeks. During the past three months Crest had agreed to let or sell 161,000 sq ft of the 263,000 sq ft of premises either built or under construction.

Mr Callcutt said most of the deals were for letting but this should make the sale of the properties easier to achieve.

Sale proceeds would be used to reduce net debt, which by the period end had climbed from £54m to £72.1m, equivalent to a rise in gearing from 53 per cent to 71 per cent. Borrowings were well within the company's bank facilities of £150m, said Mr Callcutt.

Despite the rise in debt, interest charges were reduced from £3.73m to £3.29m reflecting lower UK interest rates.

● **COMMENT**

Crest's performance in surviving the recession intact is to be congratulated. Borrowings, which at one stage exceeded £110m, have been steadily reduced through property disposals, land sales and sales of non-core businesses. It is a case of so far so good. Further progress will depend upon the company's ability to make additional property sales to reduce debt to a target level of £50m. It may also need some housing land sales if it is to make pre-tax profits of £2m this year to justify payment of a small final dividend. There is still ground to be made up and those wishing to invest in a housing recovery may get better value by looking elsewhere.

Hillsdown first-half trading on target

By Maggie Urry

HILLSDOWN Holdings yesterday issued a trading statement saying that first half profits were likely to be "very much in line with the budget for the period".

The shares rose 7p to 144p.

One stockbroker explained the reaction to a seemingly innocuous statement saying, "it was the first in-line trading statement from Hillsdown in years".

Hillsdown is the latest of a series of companies which have put out trading statements to avoid any suggestion that they are giving price sensitive information to a select audience.

The company's half year ends on June 30 and it is seeing analysts next week. It felt that in the light of recent events – such as the Stock Exchange censuring London International Group when it briefed analysts on profits ahead of announcing results – it was better "to err on the side of caution".

Hillsdown said that operating profits from continuing businesses would be not less than £80m in the half year, compared to £81.8m in the first half of 1992.

It also published last year's interim results restated on an FRS 3 basis, to give analysts a base to work from. These showed pre-tax profits of £74.8m rather than the £78.1m originally published.

Shamrock on bumpy flight path

Tim Coone looks at the proposed rescue package for Aer Lingus

THE CORPORATE rescue plan for Aer Lingus, Ireland's state airline, still lanquishes in a government in-tray two weeks after Mr Bernie Cahill, executive chairman, presented it for cabinet approval with a warning that urgent and drastic action was needed if the airline was to survive.

The airline is losing money faster than a Jumbo jet burns aviation fuel – I£120 a minute, I£1.2m per week – and its bankers have threatened to shut off the financial fuel taps next month unless a restructuring plan is rapidly put in place.

The core of Mr Cahill's plan, drawn up with Mr Peter Owen, the chief executive who was a former senior executive of British Airways during its preparation for privatisation, is to cut operating costs of the air transport division by some 10 per cent, or I£50m (£48m) annually, to radically overhaul working practices and to scrap the controversial Shannon stopover to allow direct flights between Dublin and the US.

A one-off I£175m cash injection from the government is being sought.

About 70 per cent of the savings would be achieved through payroll cuts involving 1,280 redundancies from the airline's 5,500 staff employed worldwide.

The remainder would be achieved through improved operational efficiencies.

Not surprisingly, the government has been faced with intense lobbying to drastically modify the plan.

Pressure has come mostly from trade unions and supporters in the west of Ireland of the Shannon stopover, although backbench unease within the two coalition parties in government has also spilled into the open, as electoral promises made last year – especially by the Labour party – will be blatantly broken if the plan goes through as it stands.

AER LINGUS
Pre-tax profits (losses) year-end March (I£m)

	88-89	89-90	90-91	91-92	92-93
Air transport division	2.8	(9.3)	(19.6)	(8.8)	(47)
Group	40.1	39.1	6.6	(3.1)	(173)

Source: Aer Lingus

Significantly, Mr Cahill stepped outside of his brief in recommending an end to the Shannon stopover, and has made no apologies for doing so. He told trade union representatives last weekend that the airline would be unlikely to survive without the change, as 65 per cent of Dublin-US traffic was now being routed via the UK and being lost to Aer Lingus.

Will the plan be sufficient to turn the airline around? Its critics argue that by opening up Dublin to direct flights to the US, reciprocal arrangements will have to be offered to stronger competitors who will be able to undercut Aer Lingus.

The novel aspect of Mr Cahill's proposal is that the Shannon stopover would be modified rather than totally abandoned. Instead of being based at Dublin, the airline's Boeing 747 fleet would in future turn round at Shannon, but make a stopover at Dublin. Direct flights to the US from Dublin could thereby be offered, which would link up with feeder flights from the airline's European network.

That was expected to be more attractive to business travellers which the airline desperately needs to attract to boost the average fare obtained for each seat sold, and to win back passengers who have deserted Aer Lingus to UK hubs.

The catch for the transatlantic competition is that they could be offered reciprocal direct-flight arrangements to Dublin as long as they also serve Shannon like Aer Lingus.

What Aer Lingus does not yet appear to have worked out though is whether such an obligation could be enforced under existing bilateral aviation agreements with the US, or indeed whether it would be possible to maintain in the climate of EC deregulation of the airways.

The company has no answer to this at present.

Another key element to the rescue plan is the reorganisation of the European network with the creation of an "Aer Lingus express" division which would offer a cut-rate, no-frills service on certain routes which face intense competition such as Dublin-London.

About 40 per cent of Aer Lingus' passengers travel this route, but each one is losing the airline money at present due to stiff competition from Ryanair and British Midland.

Aer Lingus said: "We want to create a price-driven operation to be able to react to challenges in an opportunistic way. If we get our cost-base right we can compete, and we might even expand routes rather than contract them. Price wars are a fact of life."

Strategic alliances with other airlines are also under serious consideration "once we are in a stronger financial position," the company said.

A gradual disposal of non-core assets such as the Copthorne Hotel group would play a vital part in reducing the I£550m debt burden and interest payments which were currently running at close to I£60m per year.

Aer Lingus's survival as an independent airline thus hinges on some speedy, but politically difficult, decisions to be made by the government.

For most Irish people the disappearance of the "shamrock-in-the-sky" would be unthinkable, but if Mr Cahill and Mr Owen have done their sums correctly that could indeed be the outcome if their plan is now rejected or substantially modified for reasons of political expediency.

NEWS DIGEST

Golden Vale buys in the Netherlands

GOLDEN VALE, the Irish dairy group, is acquiring Vonk Food Holland, a producer of processed cheese, for a maximum Fl 23m (£8m). Golden Vale is taking on Vonk's debts of Fl 54m.

In a separate deal the Irish group is to acquire a 61 per cent interest in Vonkpol, a processed cheese manufacturer established in Poland, for a maximum Fl 13m.

Vonk's 1992 management accounts showed turnover at Fl 124m and pre-tax profits of Fl 2.6m. Net tangible assets amounted to Fl 3.2m.

The 1992 management accounts of Vonkpol showed turnover at Fl 17.7m and a loss before tax of Fl 0.97m.

Partridge Fine Arts

Partridge Fine Arts, the New Bond Street-based dealer in antique furniture and objets d'art, lifted pre-tax profits from £987,000 to £1.05m in the year to April 30.

Turnover improved from £4.88m to £5.85m. Operating profits edged ahead to £1.04m (£1.01m).

Earnings per share rose to 3.22p (2.94p) and the interim dividend is raised to 1.2p (1p).

Compco

Compco Holdings, the property investment and development group, lifted pre-tax profits by 17 per cent, from £171,257 to £200,140, in the year to March 25.

Rental income from property improved to £2.11m (£2m).

The proposed single final dividend is held at 12.96p, uncovered by earnings per share 2p higher at 7.33p.

WB Industries

WB Industries, the West Bromwich-based spring manufacturer, saw losses reduced to £657,000 in the six months to June 30 1992.

The outcome, on turnover of £3.94m (£4.94m), compared with a deficit of £1.01m last time, partly reflecting lower interest charges of £185,000 (£378,000). Losses per share worked through at 10.24p (138.89p).

Silvermines

Losses at Silvermines, the Dublin-based electrical and property group, deepened from I£2.59m to I£3.23m (£3.1m) in the 1992 year.

There were exceptional items of I£2.73m (I£2.69m) and extraordinary charges of I£6.48m (I£3.88m).

Turnover amounted to I£36.8m (I£41.7m) with continuing operations accounting for I£31.8m. Losses per share came through at 11.01p (9.71p) and there is no final dividend, leaving the total at 1p (2p).

TR Technology

TR Technology, the investment trust, reported net assets per ordinary share of 172.28p at April 30, against 111.85p 12 months earlier.

For the zero dividend preference shares the figures were 176.81p and 157.71p and for the stepped preference shares 126.92p and 120.99p.

Net revenue for the year to the end of April was £3.19m (£3.26m) for earnings per share of 2.7p (3.18p). The proposed single final payment is maintained at 1.75p.

Glenchewton

Glenchewton achieved significant profits in the second half of 1992 and reduced the year's loss to £54,000. That compared with a deficit of £275,000 in the 8 months to December 31 1991.

Sales totalled £28.2m (£20.6m) and losses per share worked through at 0.73p (1.54p).

Gypsum Industries

Gypsum Industries saw pre-tax profits decline from I£4.86m to I£3.74 (£3.58m) over the 12 months to March 27. Turnover dipped from I£33.2m to I£32.9m.

Earnings per share were 44.86p (64.94p).

Umeco

Umeco, the USM-quoted maker of aircraft refuellers and aerospace components distributor, reported pre-tax profits of £211,000 for the year to March 27, against £312,000.

An extraordinary charge of £355,000 (£710,000), relating to reduced property values and disposal of a business, left an attributable loss of £213,000 (£509,000).

Turnover was £11m (£9.95m) with earnings per share of 2.27p (3.3p). A proposed unchanged final dividend of 1p makes a maintained total of 1.75p.

I&S Optimum

Net asset value at I&S Optimum Income Trust amounted to 95.02p at May 31, against a restated 97.44p a year earlier. Attributable revenue of the Ivory & Sime managed trust totalled £2.1m (£2m). Earnings per share were 7.25p (6.98p).

A fourth quarterly dividend of 1.85p brings the total for the year to 7.4p (7.25p), requiring a £44,000 (£78,000) transfer from the revenue reserve.

Bristol Scotts

Bristol Scotts saw pre-tax losses jump from £562,257 to £2.58m in 1992.

Losses included exceptional charges of £1.02m, which related to the write down of residential developments, the loss on the sale of the Overtons restaurants, closure costs and the settlement of legal actions.

Turnover dropped from £11.5m to £10.1m. Interest paid took £1.41m (£1.9m), attributable losses came to £2.66m (£269,753) and deficit per share to 45.43p (4.69p).

Gresham Telecom

Gresham Telecomputing, the USM-quoted software design group, lifted pre-tax profits from £284,000 to £419,000 in the half year to April 30.

After eliminating the discontinued hardware broking operation turnover was virtually unchanged at £3.06m.

Earnings per share were 0.86p (0.57p).

CHARTER CONSOLIDATED P.L.C.

(Registered in England No. 831757)

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Charter Consolidated P.L.C. ("the Company") will be held at 7 Hobart Place, London SW1W 0HH at 10.15 a.m. on Monday, 26th July, 1993 (or so soon thereafter as the Court Meetings (as defined in the Scheme of Arrangement as hereinafter mentioned) convened by direction of the Court for the same day and place, shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed in the case of resolution 1 as an Ordinary Resolution and in the case of resolutions 2 and 3 as Special Resolutions:

ORDINARY RESOLUTION

1. THAT:

Subject to the Scheme of Arrangement dated 2nd July, 1993 between the Company and the holders of the Charter ordinary shares (other than Minorco), the Charter partly paid shares and restricted rights shares (as therein defined), the terms of which are set forth in the document of which the Notice of this Meeting forms part (the "Scheme"), being approved at the meetings of the holders of Charter ordinary shares, Charter partly paid shares and Charter restricted rights shares and thereafter the Scheme being sanctioned by the High Court of Justice

(a) the authorised capital of the Company be increased to £2,700,000 and United States dollars 1,350,000 by the creation of 135,000,000 preferred shares (hereinafter the "Preferred Shares") of one United States cent each ("US$0.01") with each such preferred share having the following rights and restrictions.

(1) **As regards income**
The Preferred Shares shall confer on the holders thereof the right to receive (in priority to any payment of dividend to the holders of any other class of shares in the capital of the Company), out of the profits of the Company which the Company may determine to distribute in respect of any financial year ("the Distributable Profits"), a dividend equivalent to 99 per cent of the Distributable Profits divided by the number of Preferred Shares then in issue.

(2) **As regards capital**
The Preferred Shares shall confer on the holders thereof, on a winding up or other repayment of capital (otherwise than on redemption), the right to receive in priority to any payment to the holders of any other class of shares in the capital of the Company and in the following order:

(i) repayment in full of the capital paid up on or credited as paid up on such Preferred Shares; and

(ii) a further sum held equal to 99 per cent. of the assets available for distribution (after payment of the sum referred to in paragraph (i) above) to members (or of the aggregate amount to be repaid as the case may be) divided by the number of Preferred Shares in issue at the date of the commencement of the winding up (or the repayment of capital as the case may be).

(3) **As regards voting**
Each Preferred Share shall, on a poll, confer the right to 100 votes;

(b) the Directors be generally and unconditionally authorised for the purpose of Section 80 of the Companies Act 1985 (the "Act") to allot relevant securities (as defined by Section 80 of the Act) up to an agreed nominal amount of US$1,350,000, such authority, unless renewed, to expire on 26th October, 1994;

(c) the Directors be authorised to allot and issue to each member of the Company (being on the Register of Members or the holder of a share warrant to bearer, in either case, at the close of business on such date following the Court sanction of the Scheme (as referred to above) as the Directors may determine) one Preferred Share for each Ordinary Share (whether or not fully paid) in issue, all such Preferred Shares to be issued and held by a person nominated by the Directors for and in favour of the persons entitled thereto and each such Preferred Share issued shall be credited as fully paid by applying such amounts standing to the credit of the Share Premium Account as shall be requisite, and

(d) Share Warrants (as such term is defined in Article 46 of the Articles of Association of the Company) shall henceforth only be issued with respect to the Preferred Shares.

SPECIAL RESOLUTIONS

2. THAT:

Approval be and is hereby given to the special resolution passed by the members of Charter plc ("New Charter") on 22nd June, 1993 whereby, conditionally upon the Scheme becoming effective in accordance with its terms, and conditionally upon this Special Resolution being passed, the directors of New Charter were:

(a) authorised pursuant to Section 80 of the Act to exercise all the powers of New Charter to allot relevant securities within the meaning of Section 80 of the said Act up to an aggregate nominal amount of £1,849,998; and

(b) empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94 of the Act) for cash pursuant to the authority referred to in sub-paragraph (a) of this resolution as if sub-section (1) of Section 89 of the Act did not apply to any such allotment of equity securities, otherwise than pursuant to the terms of the Charter Consolidated P.L.C. Share Option Scheme or any other employees' share scheme as defined by Section 743 of the Companies Act 1985, up to an aggregate nominal amount of £68,204.

such authority and power to expire at the earlier of the conclusion of the next Annual General Meeting of New Charter and 22nd September, 1994.

3. THAT:

The Articles of Association be amended by the adoption and inclusion of the following as Article 11A:

"This Article applies where, pursuant to section 425 of the Companies Act 1985 (the "Section"), a compromise or arrangement is proposed between the Company and its shareholders or any class of them. If the Company proposes to allot and issue any shares (or, where the proposed compromise or arrangement is between the Company and a class of its shareholders, any shares in the class held by those shareholders) on or after the date of any meeting ordered by the court pursuant to the Section at which the members or class of members (as the case may be) agree (with the majority required by the Section) to the compromise or arrangement but before the compromise or arrangement becomes effective pursuant to the Section, no such allotment and issue shall take place save on the terms that the holder for the time being of such shares shall be bound by the terms of the compromise or arrangement in respect of those shares."

By order of the Board

P. M. Thwaite
Secretary

Registered office:
7 Hobart Place
London SW1W 0HH

Dated 2nd July, 1993

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
2. A pre-paid form of proxy is enclosed with this document. The form of proxy together with any power of attorney or any other authority (if any) under which it is signed or a notarially certified copy thereof must be lodged, in the case of PINK forms of proxy, with the Company's registrars in the United Kingdom: Barclays Registrars, Bourne House, 34 Beckenham, Kent BR3 4TU and, in the case of BLUE forms of proxy, with the Company's branch registrars in the Republic of South Africa: Consolidated Share Registrars Limited, PO Box 61051, Marshalltown, 2107 in each case no later than 10.15 a.m. (London time) on Saturday, 24th July, 1993.
3. In order to attend or vote at the Extraordinary General Meeting, holders of share warrants to bearer must deposit their share warrants to bearer not less than three clear normal business days before the time fixed for holding the Meeting at the bearer reception office of Barclays Bank PLC, 168 Fenchurch Street, EC3P 3HP or at the offices of Crédit Lyonnais, Centre de Valence, 10/14 Chemin du Thon, 26000 Valence, France. The Company will accept, in lieu of the deposit of a share warrant to bearer, a certificate of undertaking and deposit (available from the offices of Barclays Bank PLC or Crédit Lyonnais) executed by a bank or other approved person to the effect that the share warrants to bearer have been so deposited with such bank or approved person and such bank or approved person undertakes to the Company that the share warrants to bearer so deposited will not be released to the depositor thereof except against return of the certificate of deposit and undertaking.

Upon delivery of the share warrants to bearer or a certificate of deposit and undertaking, the depositor will be given a certificate stating his name, address and the number of ordinary shares represented by the relevant share warrants to bearer and a form of proxy so as to enable the depositor to attend the Meeting and vote in person or to appoint a proxy to vote on his behalf at the Meeting.

HunterPrint shares fall 17p as talks end

By Paul Taylor

SHARES IN HunterPrint yesterday *fell 17p to 50p after* the specialist printer announced that talks with a possible bidder had ended.

The Corby-based company, which ousted Sir Ian MacGregor, its former chairman, in August and pushed through its second refinancing package in two years in December, was forced to reveal that it had been contacted by an unidentified potential bidder after a sharp rise in its share price in early May.

The board, however, yesterday issued a *brief statement* saying that "the talks resulting from these contacts had been inconclusive and have consequently been terminated".

Last year HunterPrint reported £12.2m of losses on turnover of £52.2m.

However, in the six months to end-March, the group managed a turnround to profitability *following* the refinancing with pre-tax profits of £330,000 on sales of £26.6m.

The complex December refinancing package, including a £20m placing and offer, was put together by Mr Jeff Samson, chairman, and Mr Tony Caplin, chief executive.

It raised a net £18.3m and was mainly designed to reduce lease obligations on printing machinery at the Corby printing plant.

New investors, including lessors, picked up 47.1 per cent of the 40m shares issued and as a *result of the refinancing*, Ferag, a Swiss company which supplied binding machinery to the Corby factory, became HunterPrint's largest shareholder with 6.9m shares, equivalent to an 11.9 per cent stake.

Acquisition helps Gibbs Mew to near doubled profits

By Graham Deller

GIBBS MEW, the family-controlled brewer and commercial property group, which last year fought off a hostile bid from Brierley Investments, yesterday reported a near-doubling of annual profits.

On group turnover of £28.7m (£20.1m) pre-tax profits for the 53 weeks to April 3 advanced from £633,000 to £1.23m. The outcome was buoyed by a six month contribution from UK D which accounted for turnover of £7m and operating profits of £471,000.

The core brewing, wholesal*ing and retailing side lifted* operating profits by 11 per cent to £2.16m although bad trade loan and debt provisions amounting to £262,000 were taken as an exceptional charge.

Mr Peter Gibbs, chairman, said that sales of Deacon, the group's new cask beer, were "most encouraging". The trading environment for both tenanted and managed houses, however, remained "testing".

As stated at the interim stage, costs of £129,000 relating to the bid defence were taken below the line, leaving attributable profits of £948,000 (£657,000). Brierley Investments, which first acquired a holding in the company in 1987, has since disposed of its 19 per cent stake to a number of institutions.

Fully diluted earnings per *share emerged at 16.74p* (11.87p) and a recommended final dividend of 4.5p lifts the total to 7.5p (6.75p).

The shares, traded on the USM, rose 13p to 263p.

Citicorp reorganises venture capital side

By Charles Batchelor

CITICORP, the US banking group, has spun off its European venture capital activities into an independent company, CVC Capital Partners.

CVC will be wholly owned by Citicorp's existing European management team.

This move will free the venture capital operations from US banking regulations which have in the past limited the scale of their activities. As a first move, CVC intends to raise at least $150m (£100m) of new finance on top of the $550m already available.

The bank has specialised in financing medium-sized and large management buy-outs, *often involving businesses* with activities in several countries.

Citicorp has signed a long-term agreement to provide funds to CVC, said Mr Michael Smith, managing director of venture capital operations. He declined to dis*close exact figures but the* $550m package available comprises this Citicorp commitment, the existing venture capital portfolio and $150m of funds raised two years ago.

The creation of a separate venture capital management company will allow "some enhancement" of the earnings of the management team, said Mr Smith. Bank-owned venture capital companies fre*quently have difficulty match*ing the remuneration packages of independent funds though Citicorp had a competitive earnings package, he said. Nine of Citicorp's 36 European venture capital executives will become shareholders in the new company.

Mr Peter Burnim, managing director of corporate finance at Citicorp, *said* the new arrangement brought its venture capital business into line with common industry practice.

CVC has yet to decide whether to *cast* its investments in the form of a fund, with a limited life, usually of 10 years, or become a company, with no time limit on its activities, said Mr Smith.

Inkjet print battle leaves its mark

Alan Cane details a niche market which is dominated by UK-owned companies

THE PROGRESS of one of Britain's few high technology leaders is charted in a laconic note at the back of GEC's results statement this week. "Videojet's sales and profits advanced, with new operations established in the Netherlands and Ireland".

The bland commentary camouflages the new aggression that the company, based in the US but owned by GEC, is displaying in the European marketplace, unsettling its chief competitors and forcing them on the defensive.

Mr Michael Keeling, managing director of Linx Printing Technologies, one of Videojet's newest challengers, said wryly yesterday: "Videojet has been growing much faster than people anticipated."

Videojet specialises in continuous or industrial inkjet printing. Its systems are designed to print numbers, letters, barcodes and graphics on almost anything and are sufficiently delicate to print on fresh eggs and accurate enough for telephone cabling.

Industrial inkjet printers dif*fer from their office* equivalents in robustness and speed. They are the only machines capable of labelling products on ultra high speed production lines.

A small but growing niche market, it is dominated by *British-owned companies.* Videojet disputes overall leadership with Domino Printing Sciences, the Cambridge company, each having close to a *third of the world market. Linx* and another UK company, Willett, have under 10 per cent each.

The overseas competition is represented by Imaje of France with about 16 per cent, and Hitachi of Japan with 7 per cent.

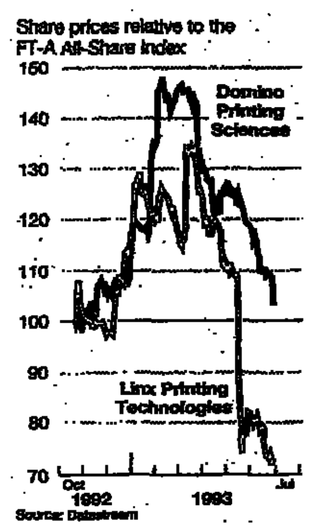
The market has grown rapidly in the past few years, driven by national and international legislation demanding the marking of foods, beverages and drugs with batch numbers and sell-by dates.

"Everybody did well," said Mr Howard Whitesmith, Domino's managing director. Domino's share price reached 620p earlier this year, while Linx came to the market in October 1992 at 130p and saw the shares advance to 220p.

Now the boom has petered out and supply exceeds demand in Europe for the first time since the 1980s. Imaje, which moved ambitiously from distribution to direct sales, is losing money and shedding staff.

Domino issued a profits warning in March and Linx followed suit in May. Yesterday their shares were trading at 430p and 117p respectively.

However, Mr Adrian Shepherd, managing director of Videojet in the UK, does not think the inkjet printing bubble has burst. "There is a lot of business out there to be had,



Source: Datastream


Trevor Humphries

Howard Whitesmith: confident about coming year on back of strong UK and French sales

although the market is becoming more competitive."

He points to the possibility *of new legislation forcing* producers to label eggs and a spread of opportunities in the labelling of pharmaceuticals and automotive parts.

He believes his business grew 15 per cent in the UK last year compared with 9 per cent for Domino and an estimated 4 per cent for Linx.

Hard numbers are difficult to come by in this business. The fact that Videojet's figures are *not reported separately in* GEC's corporate results makes analysis difficult.

Mr Whitesmith, for example, estimates that 9,000 *small* character inkjet printers were sold worldwide in the first half of 1993, of which Domino had a 29 per cent share and Videojet 1 per cent less. Mr Shepherd reckons the total to be 10,500 units with Videojet in the lead with 30 per cent and Domino in the high 20s.

A principal battleground is the US, where Videojet is synonymous with industrial inkjet printing, having at least 55 per cent. Domino, however, has failed to make much impression.

Domino produced gross profits up 21 per cent in the six months to April but the pre-tax *figure fell from £4.6m to £3.7m.* The main reason was the cost of taking on 14 additional sales staff together with support in the US, so far without much result.

Mr Whitesmith blames a reluctance to invest while US business assesses the impact of the Clinton administration. Others argue that Domino underestimated the strength of Videojet's hold on the market.

Mr Whitesmith is confident about the coming year, pointing to strong sales in the UK and France where its blue chip customers include Citroën, the motor manufacturer, and Nestlé, owner of the Vittel bottled water brand.

Mr Keeling blames the company's likelihood of flat profits this year on competition from *Videojet coupled* with *inexperi*ence in operating as a public company.

"The effort of going public took more senior management attention than we anticipated. It has been a hard year and we have to do things differently."

The company recently took on an experienced senior executive from Videojet to run sales and marketing. It has performed particularly well in Japan and the Far East, now its biggest market. Hitachi, the Japanese challenger, seems content to stay on its home turf.

Given the interest in industrial labelling, the inkjet printer market seems certain to continue to expand although *at a modest 10 per cent a year* or so compared to the exuberant rates of 25 per cent to 30 per cent in earlier years when legislation forced the pace.

The days of easy pickings have gone. With Videojet taking the battle to Europe, Domino, Imaje and the others have a fight on their hands. If Videojet gets permission to break out its figures from GEC's results, the full extent of the threat would be revealed.

THE PROPERTY MARKET

Rebuilding Ludgate Circus: British Rail Property Board is credited with having exploited the 1980s development boom adroitly

An uncertain game plan

Vanessa Houlder on BR's vast holdings post-privatisation

In the game of Monopoly, few investments are more reliable and straightforward than station property. But in the real world, the opposite may apply. The opportunity to invest in railway property after British Rail's privatisation is likely to be greeted with perplexity and *caution.*

This is not for lack of opportunity. British Rail owns land on a scale unmatched by any other nationalised business. It owns 156,000 acres of land, 2,500 stations and a tenanted estate with an annual income of £148m. Although BR refuses to divulge the results of a recent property revaluation, its property assets undoubtedly runs into billions of pounds.

Initially *at least*, privatisation is likely to offer plum opportunities for chartered surveyors, rather than investors or the taxpayer. The new structure for the railways will create many landlords and tenants, each of which will require property advice. "It will be a bonanza for property advisers," says Mr Bob Hill, managing director of British Rail Property Board (BRPB), *which manages* BR's *tenanted* estate.

Unlike some privatisations, investors are not being lured by the promise of a rich vein of under-exploited property. "There is as much effort going into ensuring that in the future assets are properly managed as looking for scope for exploitation," says Mr Stephen Barter of chartered surveyors Richard Ellis, which is advising the Department of Transport on the property implications of privatisation.

The question of how privatisation will improve the management of BR property assets provokes answers that are long on rhetoric and short on detail. The government's advisers say that privatisation will identify and exploit those opportunities *where greater competition and* the involvement of private sector finance and management skills can provide better value for money.

There are two ways in which privatisation is expected to lead to better property management:

- *Privatisation may lead to* more cost-effective management of the railway estate, since privatised station opera*tors will have greater incentive* to contain their costs.
- Privatisation will overcome the allegedly unhelpful division of management within stations between British Rail, which manages the train operations and is responsible for issues such as safety, and BRPB, which manages the buildings. These different responsibilities will be handled by a single authority when a *station is sold to a private* operator, which will have an incentive to improve both the running and the facilities of the station.

Just how far British Rail needs to improve its property management is a moot point. In 1985 the Monopolies and Mergers Commission published a highly critical report about BRPB. *The report slammed* everything from its marketing skills to its filing system. But in recent years, BRPB is credited with having exploited the 1980s development boom adroitly. In conjuction with Rosehaugh Stanhope Developments, it was responsible for the *Broadgate* and Ludgate complexes in the City of London, some of London's better new developments.

Given British Rail's proven ability to co-operate with the private sector in projects such as Broadgate and Ludgate, there is some scepticism within the organisation about the advantages offered under the new regime.

According to Richard Ellis, an important difference under the new system is that the private sector will be able to undertake developments inside *stations*, as well as above and alongside them. Investors might, for instance, see opportunities for installing shopping *plazas inside stations located* in city centres.

At this stage, discussions with potential investors are tentative. The Department of Transport is unable to market the opportunities too energetically because of the poor state of the property market and the large number of policy questions which still answers. Even the plans that have been *worked out could be altered by* parliament before the bill receives royal consent, probably in October.

In broad outline, the privatisation plan is to split BR's estate into two parts. One half, which may be known as BR Property, will manage its non-operational property, such as disused viaducts. The other half will comprise station freeholds and other operational property. *These will be owned* by Railtrack, the track authority, which in turn will be owned by the government, although it has been earmarked for privatisation in the medium term.

There is still considerable uncertainty about how these arrangements will work in practice. It is unclear, for instance, how much Railtrack will be able to borrow; which assets Railtrack will own; and which of BRPB's staff will join Railtrack (Mr Bob Hill, managing director of BRPB, has already been appointed *Railtrack's property director*).

Once these questions have been resolved, there will be an *extensive overhaul of the railways'* property management. But there is some scepticism among BR's senior manage*ment about the significance of* these changes. In the view of Mr Hill, the impact will be muted. "I think the reality is *that there won't be a dramatic* difference in terms of what happens to property," he says.

Changes in property values (%)

	Retail		Office		Industrial		All	
	Year to May 93	Mnth of May 93	Year to May 93	Mnth of May 93	Year to May 93	Mnth of May 93	Year to May 93	Mnth of May 93
Rental growth	-4.0	-0.3	-18.1	-1.3	-11.5	-1.4	-10.7	-0.9
Capital growth	-9.3	0.0	-11.9	-0.1	-8.3	-0.1	-7.4	-0.1
Total return	4.5	0.6	-2.9	0.7	1.5	0.8	1.3	0.7
Current yields	9.0		10.3		11.4		9.9	

Source: IPD Monthly Index, Investment Property Databank

Financial Times Annual Report Service

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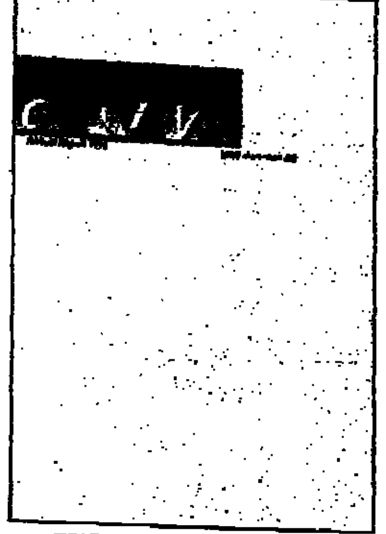
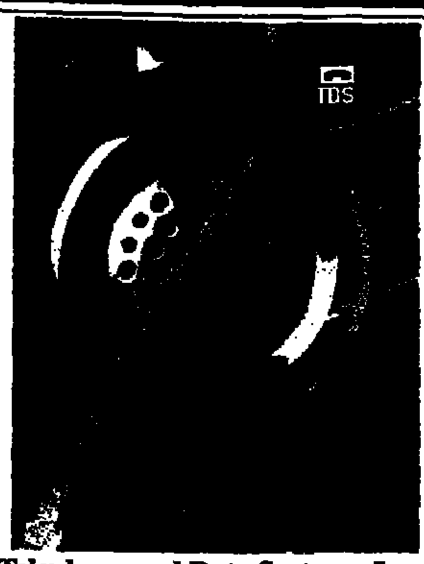


VAW aluminium AG

VAW aluminium AG, a company of the VIAG Group, is Germany's largest aluminium company and one of the leading producers and fabricators of aluminium in Europe. Its production and services range from raw materials to finished products. VAW's core business concentrates on the production of specialised semis for the packaging and transport markets.
In 1992, VAW successfully maintained its progress towards becoming a specialist producer in selected business areas. External sales of the VAW Group amounted to DM 5.4 billion with a net profit of DM 80 million. Capital and financial investments totalled DM 780 million in 1992. Worldwide, the VAW Group employs a workforce of over 18,000.

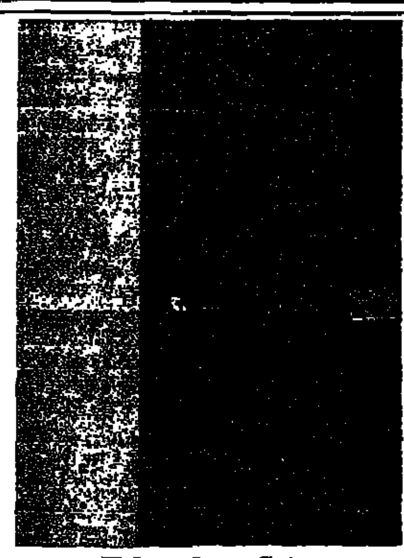
98



Telephone and Data Systems, Inc.

Telephone and Data Systems, Inc. ("TDS") is a Chicago-based telecommunications company with established local telephone operations and developing cellular telephone and radio paging operations. TDS strives to build value for its shareholders by providing excellent communications services in attractive, closely related segments of the telecommunications industry.

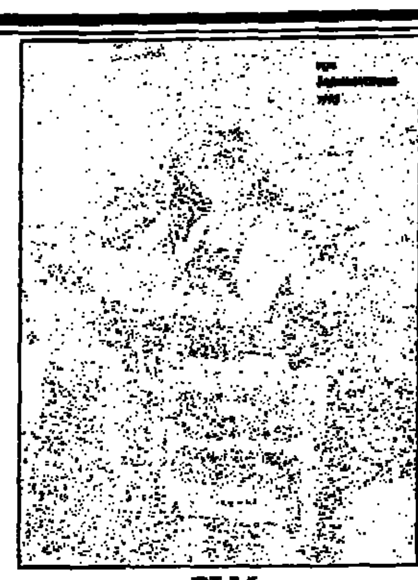
99



Tabacalera, S.A.

Established in 1945, and with a capital share of 52.36% owned by the Spanish State, its primary objective is the manufacture and distribution of tobacco products and the distribution of fiscal securities, postage stamps and other such documents. Through its associated and subsidiaries companies is also involved in other areas such as food, distribution ...
Regarding its main activity, in 1992 the total net cash-flow from operations came to ptas. 30.300 mn, and the profit after tax rose by a 3.5% with respect to 1991, reaching ptas. 14.729 mn. The return on share holders' was 21% and the proposed dividend of ptas. 205 per share (41% of par value).

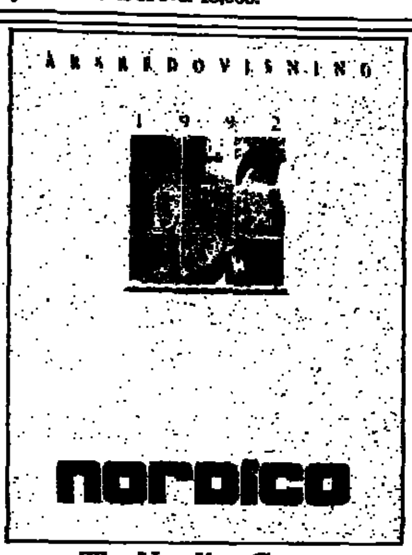
100



PLM

PLM manufactures and markets consumer packaging made from metal, glass and plastics, mainly for the beverage and food industries in Europe.
PLM's ambition is to enhance its position as one of the leading packaging companies in Europe.
The Group is divided into four divisions: Beverage Can, Food Can, Glass and Plastics.
Products are manufactured at 13 factories in Sweden, Denmark, Norway, the Netherlands, Germany, Great Britain and France.
PLM's invoiced sales during 1992 amounted to SEK 6,196 million, of which 78 per cent was outside Sweden. The number of employees was 6,252.

101



The Nordico Group

Nordico is the Swedish-based mother company of an international industrial group engaged in five business areas: Vegetable oils (Karlshamns); Leathers (Elmo-Calf); Materials Handling (BT Industries, BT Systems); Bathroom Products (Gustavsberg); Plastics & Rubber (Gislaved Folie, Gislaved Gummi).
The Nordico Group 1992 turnover amounted to SEK 8,926 Million (USD 1,240 Million). Last year: SEK 9,161 Million (USD 1,272 Million). 63% of the Group's turnover was sold outside of Sweden.
The number of employees of the Nordico Group was 7,651 (last year: 8,530) 46% of whom were employed outside Sweden.

102

TVX Gold Inc.

TVX Gold Inc. is a significant producer of precious metals with interests in six producing gold mines located in North and South America. Production totalled a record 406,000 ounces of gold and gold equivalent in 1992. The Company's strengths include quality reserves, long mine life, low cash costs of production and efficient new mines. It is from this base that the Company intends to pursue a strategy of focussed growth in reserves, production and earnings.

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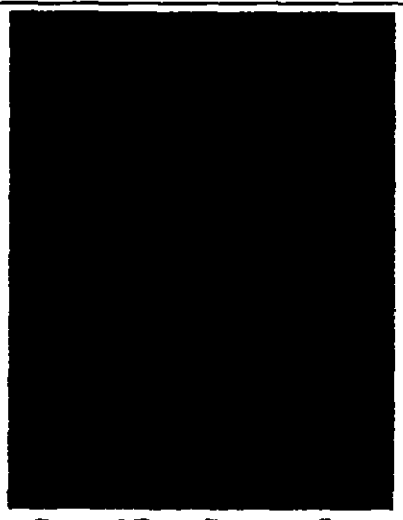

Control Data Systems, Inc.

Control Data Systems, Inc. (NASDAQ: CDAT) began trading as an independent company on August 3, 1992. Control Data Systems entered the marketplace with a worldwide sales and service organisation of over 3,000 employees, an installed base of 1,600 customers, and the mission to leverage its 35 years of industry experience in high-performance computing as a global integrator of information technology in selected growth markets.
Control Data Systems ended 1992 with a strong balance sheet bolstered by equity investments from its primary technology partners - Silicon Graphics, Inc. and NEC Corporation.

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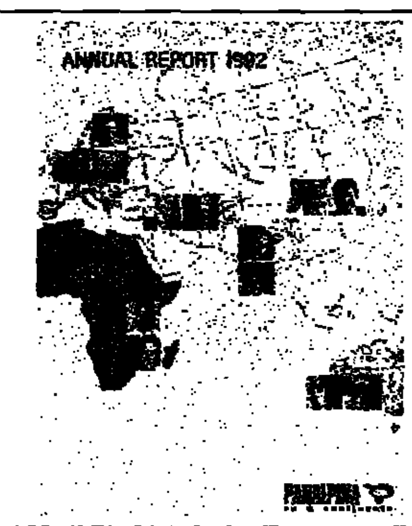

PANALPINA World Transport Ltd.

PANALPINA World Transport Ltd. is a leading Swiss-based forwarding group with subsidiaries and representatives in more than 50 countries on 6 continents. The group's focus on local customers' need, combined with its global know-how and fully computerised logistics, make it uniquely able to serve its clients and markets. In 1992, PANALPINA posted a record result in terms of both sales and earnings.

105

AKER

Aker is one of Norway's largest industrial groups. Its activities encompass cement and building materials and oil and gas technology. Aker holds a strong position domestically in cement and building materials and has a significant international cement business. It is also Norway's leading company in oil and gas technology, with a comprehensive range of services and a growing international presence.
Turnover in 1992 increased to NOK 17,332 million. Despite difficult trading conditions in a number of its markets, Aker ended the year with a strengthened financial position. Aker had 16,300 employees at the end of 1992.

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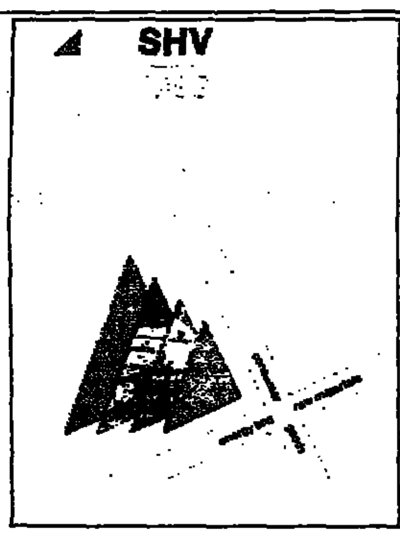


SHV

SHV, a Dutch privately held International company, is involved in two main business activities:

1st: The distribution of consumer goods under the names Makro, operating world wide in 13 countries, and Otto Reichelt, a leading supermarket chain in Berlin.

2nd: The trade in energy and raw materials, especially the distribution of liquified petroleum gas (LPG) under the names Calor, Primagaz, Ipragaz, Pam and others.

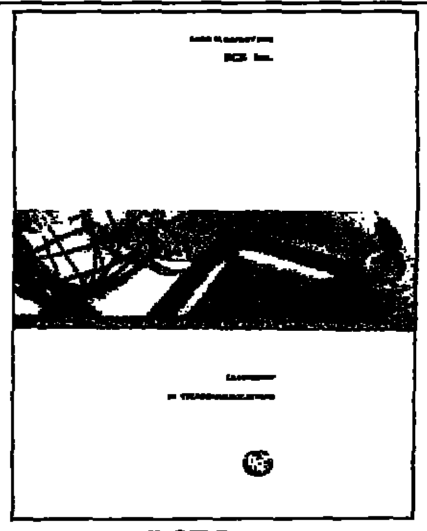
In 1992 SHV's net sales reached GBP 7.1 billion with an income of the Group of nearly GPB 200 million, employing 50.700 people.

107

Mobile Telecommunication Technologies Corp.

Mobile Telecommunication Technologies Corp. (NASDAQ:MTEL) headquartered in Jackson, Mississippi or Mtel, is a pioneer in wireless communications, with a focus on providing nationwide and international messaging services to business travellers. The Company is at the forefront of new technologies that integrate telecommunications with portable personal computers to serve the growing mobile workplace.
Through its Washington D.C.-based SkyTel Corp. subsidiary, Mtel is the leading provider of nationwide messaging services in the United States. The Company is expanding these services to Asia, Latin America and other parts of the world using 931.9375 MHz as a common frequency.

108



BCE Inc.

BCE Inc. is Canada's largest telecommunications company. Its subsidiaries include Bell Canada, providing telecom services to 60 per cent of the country, and Northern Telecom, the leading global supplier of fully digital telecom systems. In 1992, BCE purchased a 20 per cent interest in Mercury Communications Limited, Britain's second-largest telecom carrier. BCE's 1992 earnings were Cdn $1.39 billion on revenues of Cdn $20.78 billion.

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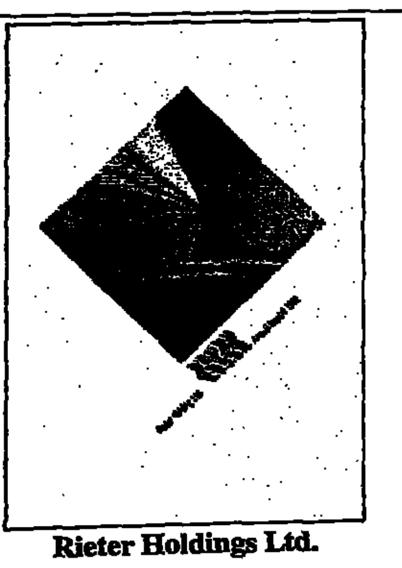

Rieter Holdings Ltd.

Rieter - a Swiss based group with global presence and approximately 1.7 Mia Sfr. sales in 1992 - is the only company worldwide, who commands the entire know how in fibre manufacture and processing, based on both cotton and plastics. In its divisions Spinning Systems, Rieter develops and produces machines and fully integrated spinning systems. The Unikeller Division is European market leader in noise control and thermal insulation components for vehicles.

110

Bayerische Hypotheken-und Wechsel-Bank AG

Bayerische Hypotheken-und Wechsel-Bank AG (HYPO BANK), founded in Munich in 1835, is Germany's fifth largest private financial institution and one of two mixed credit institutes featuring a full range of commercial, investment and mortgage banking services under one roof. With nearly 500 branches in Germany and the new states, HYPO-BANK is present in all major regions of the Federal Republic. HYPO-BANK is also active through subsidiaries, joint ventures and representative offices in major financial capitals worldwide as well as a strong presence in Eastern Europe, including the Czech Republic and Hungary.

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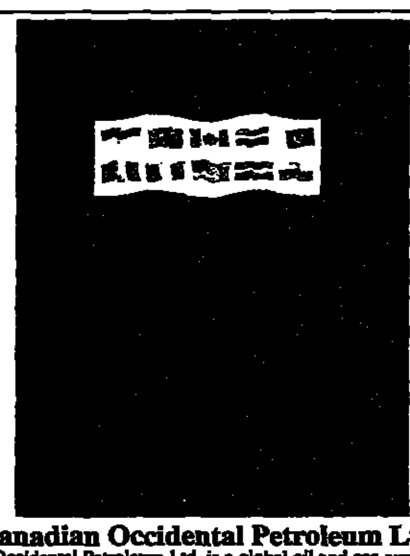

Canadian Occidental Petroleum Ltd.

Canadian Occidental Petroleum Ltd. is a global oil and gas exploration and development company and a leading North American producer and marketer of industrial bleaching chemicals. With diversified oil and gas operations in North America, South America, Europe, the Middle East and Far East, CanadianOxy has added more than 240 million barrels of new reserves since 1990. New projects coming onstream in Yemen, Ecuador, the United States Gulf Coast and the North Sea will triple oil production to over 100,000 barrels per day and add over 40 million cubic feet per day of new gas production by year end 1993. The Company is a low cost producer of sodium chlorate, caustic soda and chlorine, with recently expanded and modernised facilities.

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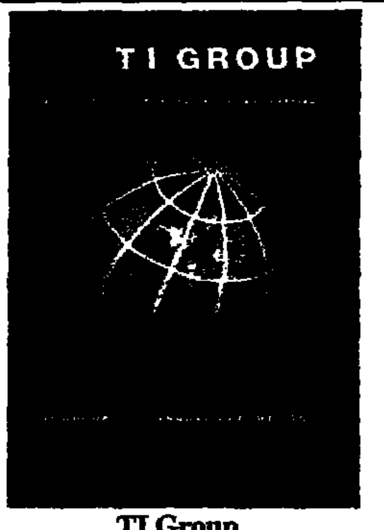

TI Group

TI Group's strategy is to be an international engineering group concentrating on specialised engineering businesses, operating in selected niches on a global basis.
Key businesses must be able to command positions of sustainable technological and market share leadership.
Each business will have a high knowledge and service content.
TI Group's three core businesses are John Crane engineered seals and sealing systems, Bundy fluid carrying systems and Dowty engineered aerospace products.
The first two are world leaders and Dowty has the potential to become one.

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- 103 ☐ Control Data Systems,Inc.
- 104 ☐ PANALPINA
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Clinton unveils compromise plan for US forestry

By George Graham in Washington

US PRESIDENT Bill Clinton yesterday unveiled his plan to bridge the chasm between environmentalists and loggers over the timber harvest in the endangered old growth forests of the Pacific north-west.

The plan will allow about 2bn board feet of Forest Service timber sales from the region this year, as previously arranged sales move through the pipeline, but would then settle on a much lower timber harvest of some 1.2bn board feet a year.

This would be one third of the yield reached in the late 1980s but would allow more timber to be cut than at present, with logging held up by a variety of court orders.

Mr Clinton said he would also restore the ban on exporting raw logs from publicly owned land, a moved designed to create jobs in north-west wood processing plants.

The plan will satisfy neither side in the long-running battle over the remaining acres of north-western forest, where the intensive logging allowed under Presidents Ronald Reagan and George Bush has slowed to a trickle as the courts have held the government to its obligation under the Endangered Species Act to protect the habitat of the dwindling population of northern spotted owls.

Mr Clinton said the plan was scientifically sound and complied with the law.

While the proposed annual yield is smaller than timber interests had wanted, the plan does not have some of the protections environmental groups had sought; it would, for example, allow some salvage cutting and thinning in protected areas of owl habitat.

The administration plan offers $270m of economic aid next year to help the region adjust to reduced timber harvests, and $1.2bn over five years, creating jobs in watershed restoration and ecological preservation.

"Had this crisis been dealt with years ago, we might have a plan with a higher yield and with more environmentally protected areas. We are doing the best we can with the facts as they now exist in the Pacific north-west," Mr Clinton said yesterday.

Lumber prices rose sharply in early trading on the Chicago Mercantile Exchange in anticipation of lower timber harvests under the Clinton plan, moving limit up ahead of the announcement. But they fell back later.

Mr Clinton also announced that he would seek additional funding from congress to pay for flood damage in the upper Mississippi basin, where governors of five states have sought aid for farmers whose crops have been washed out.

Bill Clinton: He said the plan was scientifically sound and complied with the law.

Argentina aims to cash in on mineral wealth

John Barham on law changes designed to attract investors to under-explored areas

ARGENTINA OWNS half the mineral-rich southern Andes but its mining industry accounts for a mere 1.5 per cent of its GDP. Unlike Chile, which owns the other half of the southern Andes and has built up a multi-billion dollar mining industry, mining in Argentina has never caught on.

Political instability, unpredictable shifts in government policy, complex and xenophobic regulations have actually discouraged mining. For instance, the Andean border region was declared a security zone and closed to foreign investment, while exports were taxed.

The government says this is all changing, however, with the approval a few weeks ago of new investor-friendly mining laws that it hopes will open up Argentina's vast and under-explored interior to local and especially to foreign companies.

These new laws follow Argentina's introduction four years ago of free market reforms that have transformed the country into one of the fastest-growing economies in the region.

The government is offering mining companies a generous tax regime that includes a promise not to change the tax structure of investment projects for 30 years and allows them to import machinery duty free. Companies can write off all their exploration costs against future corporate tax once a project begins generating profits.

The laws will also allow companies to set up free trade zones in which remaining tax and import restrictions will be waived. The intention is to attract international companies based on the Chilean side of the Andes to cross into Argentina.

Argentina badly needs to attract foreign investment because it lacks home-grown mining expertise. As a result of the endemic indifference to mining, only 17 per cent of its territory has been adequately surveyed.

Major mining companies began sniffing around Argentina well before the new mining policies came into effect. The government's mining secretariat reports that 20 companies, nearly all of them foreign, have already committed US$103m in investments to study 64 mining projects. This may be small change by international standards, but it represents a hefty capital influx for an industry that turns over barely $400m a year.

Argentina's great attraction is its virgin geology and consequently the chance of finding major undeveloped deposits with quick payback periods. Some, like Canada's Musto, claim they have already found highly attractive properties.

Musto is working on an 18-month, US$7m feasibility study of what it claims to be an exceptionally rich, world-class gold deposit in the Andean foothills. The company says the Bajo de la Alumbrera deposit is "one of the largest proven unexploited porphyry copper/gold deposits in South America". It believes the deposit could produce 140m lb of copper and 200,000 ounces of gold a year for 20 years.

Mr Jorge Jones, Musto's Argentine general manager, says that if Musto takes up an option to develop Bajo de la Alumbrera, the project will need at least $450m in investments and would therefore require co-financing from other joint venture partners.

The mining secretariat says international companies have at least four other major gold, copper, lithium and potassium projects under consideration, which would be worth over $500m in investments if taken beyond their present exploration stages.

Argentina is so anxious to attract investment that the government has even reassured companies that they have little to fear from its feeble environmental laws. At an international mining conference in Denver in June, Mining Secretary Angel Maza was quoted as saying: "We would not think of subordinating the interests of development to those of the environment".

Despite its fiscal and geological attractions, Argentina is far from becoming a mining paradise. To start with, its geology is less favourable than Chile's, where rich mineral veins are closer to the surface and therefore cheap to mine.

And companies already operating Argentina, like RTZ affiliate Minera Aguilar, which produces lead, silver and zinc close to the Bolivian border, are losing money because prices are low, while their costs are high.

Operating costs are high because the currency is overvalued, labour productivity is low and inputs are overpriced. For example, Aguilar has to import items ranging from explosives to spare parts because locally-made products are so expensive.

Finding financial backing for mining projects is both difficult and expensive. Local banks are unwilling to lend for long periods, while international banks are unhappy lending for mining projects in a country with little mining tradition.

Deficient infrastructure also adds heavily to development costs. Roads and power supplies, especially in remote mountain locations are inadequate. Transport and port facilities are also poor, although the government has recently privatised the rail network and drastically reduced port charges.

The government is also negotiating with Chile a series of agreements which would enable companies operating in Argentina's sector of the Andes to buy Chilean electricity and ship minerals to Chilean Pacific ports. Not only are Chile's ports closer, but its road and rail network is far superior to Argentina's.

But Mr David Ancieta, Aguilar's executive director, says he is optimistic that Argentina is overcoming what was once seen as its greatest single deterrent - political turbulence. "There is a determination to change and I think that Argentina will become a politically stable country," he says. "Periodic adjustments to economic policy will be necessary, but there is confidence that Argentina will stay with these economic policies."

.....For example, Aguilar has to import items ranging from explosives to spare parts because locally-made products are so expensive.

Mining chief accused over aborigine claim

ABORIGINAL AFFAIRS Minister Mr Robert Tickner yesterday accused Hugh Morgan, managing director of Australia's Western Mining Corporation Holdings, of waging a hate campaign over a court decision granting aborigines land title.

Mr Morgan, head of one of Australia's biggest mining groups, said a landmark 1992 High Court ruling on native land title, known as the Mabo ruling after one of the original plaintiffs, would create racial tension and economic stagnation.

"You've got a representative of one of Australia's mining giants waging this campaign of hate and bitterness against aboriginal people and it's just got to stop," Mr Tickner said in a radio interview.

"It's so far over the top, so divisive, and for any of us to give it any credibility. . . is, I think, profoundly un-Australian."

Goldsmith announcement 'not responsible for gold spike'

By Kenneth Gooding, Mining Correspondent

SIR JAMES Goldsmith's announcement that he was to swap gold shares for gold bullion had nothing to do with a sharp rise in the gold price yesterday, according to traders and analysts.

The price, which moved through the important $380 a troy ounce level, was driven by activity on New York futures markets, they suggested.

Traders were deeply suspicious of Sir James's motives. They insisted no professional speculator would reveal his hand so clearly before completing a deal. "He won't get the money from the share sale for a week or two. Does he expect us to believe he would then buy gold in a rising market?" was a typical comment. "He has either already bought the gold or he doesn't intend to buy any."

Sir James and Lord Rothschild announced on Wednesday that they would offer the public 9.65m shares in, or 14 per cent of, Newmont Mining, North America's biggest gold producer. When the sale is completed, they will in the space of less than a year have reduced their combined holdings in Newmont from 49 per cent to 6.5 per cent.

In London yesterday gold started quietly and ended the formal morning fixing at $377.85 an ounce, down about $1 from Wednesday's closing price. Traders said business was quiet as gold producers were not selling and demand was minimal.

Then New York investment funds re-discovered silver yesterday, pushing the price up by 17½ cents an ounce to $4.74 by the close in London. Gold was dragged up because computer trading programmes frequently link the two precious metals.

Gold closed in London at its highest level for the day, $384.50, up $5.25 an ounce. Traders suggested that, as the price was being driven by technical factors, it would probably move to $385 which was the next important chart point.

One said that if Sir James used only half the $440m proceeds expected from his share sale to buy gold call options, it would probably be enough to drive the price above $400.

NZ wool growers face another tough year as prices languish

NEW ZEALAND'S sheep farmers, the world's second largest producers of wool, can expect yet another year of slack world demand and low prices, economists warned yesterday, the first day of the 1993-94 season, reports Reuter from Wellington.

"There's more belt tightening in store," said New Zealand Wool Board senior economist Mr Patrick Conway.

The industry, which produces 12 per cent of the world's wool, had begun last season with high hopes of recovery despite large world stockpiles. The average indicator price had recovered from a post-war low of NZ$3.50 (US$1.86) a kilogram (clean) in early 1991 to about $5.00 a kilogram by June 1992. World economic growth and the return of buyers from China, who have bought up to a quarter of New Zealand's wool in recent years, was expected to boost prices further.

Instead, the large industrialised economies actually fell further into recession and the Chinese buying interest slackened again.

"The long-awaited recovery in Western Europe and Japan just never came, in fact it got worse," said Mr Conway yesterday. "There's been a general deterioration in demand for world textiles."

The average indicator fell from NZ$4.71 at the first sale of the 1992-93 season to NZ$3.77 by the last sale.

New Zealand's Ministry of Agriculture and Fisheries noted in its annual agricultural outlook that Chinese demand had been sluggish for much of the second half of the season. "This can be attributed to many factors, such as the depreciation of China's currency, foreign exchange allocation problems and temporary disruption to buying as responsibility for purchasing is transferred from state to local enterprises," it said.

The weight of wool stockpiles overhanging the world market compounded the problem of slackening demand, economists explained.

"Falling production continues to be masked by the enormous stockpiles," said ANZ bank economist Mr Paul Stewert.

With total stocks at present equivalent to 35 per cent of annual world production economists said nervousness surrounding the growth of the world's largest stockpile in Australia had helped depress prices.

Although rescheduling of the Australian Wool Realisation Commission's debt repayments by the Australian government in April helped ease the tension, the stockpile was expected to remain a problem while the world economic recovery stuttered.

"Given the sluggish outlook for demand and continuing large wool availabilities, prices for the 1993-94 season are not forecast to increase substantially," the ministry said.

The continued absence of buyers from the former Soviet Union would also constrain prices. . . "particularly since they've been the major buyers in the past of those shorter crossbred wools," Mr Conway warned.

Most of New Zealand's 54m sheep are crossbred to produce both meat and wool.

Almond prices soar after Californian estimate is cut

By David Blackwell

A SHARP downward revision in the estimate for this year's almond harvest in California has sent prices up by 10 per cent in 48 hours.

The US Department of Agriculture in May estimated that the crop in California – by far the world's biggest supplier – would be 520m lb at harvest in September. But the first objective estimate in the Sacramento and San Joaquim valleys produced a figure of 470m lb.

The price per tonne, which stood at $3,600 in January, has surged to $4,600 a tonne, traders said yesterday. One estimated that a further gain of $250 was possible.

"The big problem of the past few years has been oversupply," said a leading London trader. "That has now disappeared, and the coming crop will be very short."

In the past six years the crop has reached as high as 660m lb. Shipments from California, including those for US consumption, have averaged 530m lb. The sharp reduction in this year's crop is blamed on poor pollination in February because of wet weather. It came as stocks were "at a bare minimum for the industry", the London trader said.

Stocks in California are estimated at 56m lb, while unsold European stocks are around 1,000 tonnes. "The balance of the old crop is very small," said Mr Michael Becker, of Eurobroker, the Paris based broker of dried fruit and edible nuts. "Total world supply is 10 to 15 per cent smaller than it was at this time last year."

He estimated European demand at up to 4,000 tonnes in the high season of August and September, when European manufacturers start to prepare for Christmas. New crop California almonds will not arrive in Europe until the end of September at the earliest.

Californian almonds (million lb)

1992	537
1991	486
1990	656
1989	489
1988	590
1987	660

Source: USDA

WORLD COMMODITIES PRICES

MARKET REPORT

London COCOA prices edged ahead. The main talking point remained the possibility of a squeeze on the nearby July contract. The uncovered position remains steady, reinforcing sentiment that a major long position holder may take delivery of a substantial tonnage. News that 3,397 lots were tendered against July on the first notice day was broadly in line with forecasts. The COPPER market on the LME, trading for the first time in US dollars, continued to focus on news from US producers Kennecott and Phelps Dodge, where labour contracts expired on Wednesday, but the mines continue to operate. Other factors preoccupying the market were conflicting ideas on warehouse stock movements, as the possibility of significant withdrawals by Chinese interests was being countered by talk of a large arrival. Three-month ALUMINIUM fluctuated either side of $1,250 a tonne, reflecting heightened expectations of further production cuts in the wake of Alcoa earlier this week. In North America Kaiser has ruled out following suit, Reynolds continues to evaluate the situation, while Alcan says it has no plans.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB/Aug)		+ or -
Dubai	$14.72-4.76z	-0.57
Brent Blend (dated)	$16.98-7.00	-0.40
Brent Blend (Aug)	$17.18-7.20	-0.45
W.T.I (1 pm est)	$18.46-8.48z	-0.49

Oil products NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$199-201	-1
Gas Oil	164-165	-2
Heavy Fuel Oil	$59-61	-0.5
Naphtha	$169-171	-1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$383.60	+5.25
Silver (per troy oz)♣	474.0c	+17.5
Platinum (per troy oz)	$385.25	-0.40
Palladium (per troy oz)	$140.00	+2.00
Copper (US Producer)	90.00c	+0.50
Lead (US Producer)	33.50c	
Tin (Kuala Lumpur market)	13.06r	-0.02
Tin (New York)	235.5c	-3.0
Zinc (US Prime Western)	62.00	
Cattle (live weight)†	142.27p	-1.96*
Sheep (live weight)†♠	107.60p	-9.15*
Pigs (live weight)†	85.71p	-0.84*
London daily sugar (raw)	$268.9	+8.8
London daily sugar (white)	$275.5	+2.0
Tate and Lyle export price	£292.0	+2.0
Barley (English feed)	£110.0t	
Maize (US No. 3 yellow)	£168.5	
Wheat (US Dark Northern)	£147.0u	
Rubber (Aug)♥	58.50p	
Rubber (Sep)♥	59.00p	
Rubber (KL RSS No 1 Jul)	207.0m	
Coconut oil (Philippines)§	$437.5v	-2.5
Palm Oil (Malaysian)§	$450.0u	
Copra (Philippines)§	$290u	
Soyabeans (US)	£197.5x	+8.5
Cotton "A" index	57.20c	+0.10
Wooltops (64s Super)	357p	-5

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jul/Sep. z-Aug.v-Sep/Oct u-Jul t-Oct Dec x-Aug/Oct ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg ♠Sheep prices are now live weight prices * change from a week ago, provisional prices.

SUGAR – LCE ($ per tonne)

White	Close	Previous	High/Low
Aug	275.50	278.00	278.90 274.00
Oct	267.00	268.60	268.40 265.00
Dec	267.00	269.50	269.50 267.00
Mar	267.30	270.00	269.50 266.00

White 546 (1471) Paris- White (FFr per tonne): Aug 1573.30 Oct 1529.45

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Aug	17.11	17.51	17.51 17.10
Sep	17.31	17.71	17.70 17.30
Oct	17.54	17.90	17.89 17.50
Nov	17.74	18.05	18.07 17.74
Dec	17.94	18.19	18.20 17.90
Jan	18.00		18.05 18.00
Mar	18.10		18.10
IPE Index	17.86	17.85	

Turnover 32756 (28109)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Jul	162.75	164.75	164.00 159.75
Aug	163.00	166.25	165.25 160.75
Sep	164.50	167.75	166.75 164.25
Oct	167.75	170.75	169.75 167.25
Nov	169.75	173.00	171.75 169.75
Dec	172.25	175.25	174.00 172.00
Jan	173.25	176.25	174.50 173.00
Mar	171.00	174.25	173.00

Turnover 15516 (14710) lots of 100 tonnes

FRUIT AND VEGETABLES

Spanish plums at 45-55p a lb (80-90p) are this week's best buy, together with other stone fruits such as apricots at 45-60p a lb (50-60p), cherries at £1.00-1.20 a lb (£1.00-1.20) and peaches at 15-25p each (15-25p), reports FFVIB. Wimbledon favourites, strawberries, are 99p-£1.20 a lb (80p-£1.20). Homegrown vegetables are becoming more plentiful with peas at 35-45p a lb (50-65p). Broad beans at 30-40p a lb (35-40p), and cauliflower at 45-70p a head (40-50p). English iceberg lettuce at 45-55p a head (45-55p). Round lettuce at 20-30p a head (25-30p) and Webbs at 30-35p each (30-35p) are good salad buys.

COCOA – LCE £/tonne

	Close	Previous	High/Low
Jul	725	719	730 724
Sep	720	714	725 716
Dec	719	716	723 718
Mar	730	726	734 727
May	742	738	744 739
Jul	753	750	754 751
Sep	764	762	767 763
Dec	781	780	786 780
Mar	798	797	800 798
May	811	812	818 810

Turnover: 15209 (7500) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jun 30 709.18 (724.51) 10 day average for Jul 1 722.77 (722.29)

COFFEE – LCE $/tonne

	Close	Previous	High/Low
Jul	886	893	894 881
Sep	915	917	919 908
Nov	915	915	917 908
Jan	915	911	915 910
Mar	914	911	915 910
May	918		915

Turnover: 6080 (4002) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jun 30 Comp. daily 54.47 (54.03) 15 day average 54.76 (54.71)

POTATOES – LCE £/tonne

	Close	Previous	High/Low
Apr	89.3	86.8	90.0 88.0
May	96.5		95.0

Turnover 90 (33) lots of 20 tonnes.

SOYAMEAL – LCE £/tonne

	Close	Previous	High/Low
Aug	157.00	154.00	
Oct	157.00	154.00	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – LCE $10/index point

	Close	Previous	High/Low
Jul	1301	1306	1305 1299
Aug	1273	1277	1280 1275
Sep	1310		1310
Oct	1370	1375	1375 1370
Nov	1380	1380	1380
Jan	1390	1392	1390
BFI	1458	1473	

Turnover 85 (250)

GRAINS – LCE £/tonne

Wheat	Close	Previous	High/Low
Sep	106.10	106.15	106.15 106.00
Nov	107.65	107.85	107.85
Jan	110.25	110.35	110.20
Mar	112.35	112.60	112.35
May	114.65	114.85	114.60

Barley	Close	Previous	High/Low
Nov	107.20	107.40	107.16

Turnover: Wheat 125 (42), Barley 6 (0).
Turnover lots of 100 Tonnes.

PIGS – LCE (Cash Settlement) p/kg

	Close	Previous	High/Low
Jul	110.0	109.3	
Aug	105.0	104.3	

Turnover: 0 (7)lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 52,598 lots
Cash	1225-6	1232-3	1229.5	1229-9.5		
3 months	1248-9	1255-6	1255/1245	1251.5-2	1249-50	222,264 lots
Copper, Grade A ($ per tonne)						Total daily turnover 87,356 lots
Cash	1914-5	-	1917/1915	1916-7		
3 months	1920-1	-	1928/1915	1919-20	1927-8	235,094 lots
Lead ($ per tonne)						Total daily turnover 2,947 lots
Cash	388-90	-	390	390-0.5		
3 months	401.5-3	-	407/401	404-4.5	401-2	22,284 lots
Nickel ($ per tonne)						Total daily turnover 6,723 lots
Cash	5335-40	5365-70	5315	5315-20		
3 months	5385-90	5424-5	5390/5360	5360-70	5370-5	48,891 lots
Tin ($ per tonne)						Total daily turnover 2,769 lots
Cash	5075-80	5075-85		5070-5		
3 months	5125-30	5130-5	5170/5116	5120-5	5135-40	10,395 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 9,322 lots
Cash	919-20	926-7	917.5	917.5-8		
3 months	937-8	944.5-5	942/935.5	935.5-6	936-7	70,763 lots

LME Closing £/$ rate:
SPOT: 1.5075 3 months: 1.4984 6 months: 1.4892 9 months: 1.4830

Copper and lead prices are now expressed in dollars per tonne

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	383.00-384.00	
Opening	376.80-377.20	
Morning fix	377.85	253.336
Afternoon fix	379.00	251.410
Day's high	383.25-383.75	
Day's low	377.25-377.75	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	2.50	6 months	2.52
2 months	2.51	12 months	2.55
3 months	2.51		

Silver fix	p/troy oz	US cts equiv
Spot	303.65	484.75
3 months	307.95	458.25
6 months	311.80	461.65
12 months	320.20	470.40

GOLD COINS

	$ price	£ equivalent
Krugerrand	377.00-380.00	252.00-254.00
Maple leaf	392.15-394.60	-
New Sovereign	90.00-93.00	60.00-62.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Aug	Oct	Aug	Oct
1175	73	95	10	18
1200	55	78	17	26
1225	40	63	27	36
Copper (Grade A)	**Calls**		**Puts**	
1800	139	160	14	34
1850	102	127	27	51
1900	71	98	46	72
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
850	74	86	9	21
900	40	63	25	46
950	20	43	55	78
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
700	38	52	16	33
725	22	39	27	45
750	14	29	44	60
Brent Crude	**Aug**	**Sep**	**Aug**	**Sep**
1700	37	-	20	30
1750	17	39	49	48
1800	4	19	-	

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	387.4	378.4	0	0
Aug	388.2	379.2	389.1	378.1
Sep	389.2	380.2	0	0
Oct	390.2	381.1	391.2	380.5
Dec	392.0	382.9	393.0	382.0
Feb	393.7	384.6	394.0	385.5
Apr	395.4	386.1	395.8	386.7
Jun	397.0	387.7	397.5	389.5
Aug	398.8	389.5	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jul	394.3	386.0	397.0	384.5
Oct	396.5	388.5	399.0	386.5
Jan	397.0	389.0	400.0	390.0
Apr	397.5	389.5	401.0	397.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	477.1	455.8	480.0	463.0
Aug	478.2	457.1	0	0
Sep	479.8	458.7	483.5	456.0
Dec	484.9	463.7	489.0	460.0
Jan	485.5	464.3	0	0
Mar	489.7	468.3	492.5	466.0
May	493.8	471.9	493.0	486.0
Jul	496.9	475.1	494.0	485.5
Sep	500.6	478.7	497.0	478.0
Dec	506.2	484.2	509.0	485.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	86.80	85.80	87.00	85.50
Aug	86.80	86.15	86.85	86.60
Sep	87.10	86.50	87.50	86.20
Oct	87.10	86.60	87.15	86.40
Nov	87.10	86.65	0	0
Dec	87.10	86.75	87.50	86.45
Jan	87.10	86.80	87.30	86.60
Feb	87.15	86.90	87.30	87.00
Mar	87.25	87.00	87.35	86.75
Apr	87.30	87.10	87.20	87.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Aug	18.44	18.85	18.85	18.39
Sep	18.74	19.11	19.09	18.68
Oct	19.00	19.31	19.31	18.94
Nov	19.18	19.46	19.45	19.12
Dec	19.33	19.58	19.54	19.30
Jan	19.51	19.68	19.60	19.45
Feb	19.57	19.74	19.65	19.55
Mar	19.70	19.80	19.72	19.62
Apr	19.75	19.84	19.80	19.75
May	19.80	19.88	19.85	19.80

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	51.85	52.46	52.50	51.70
Sep	52.80	53.45	53.15	52.60
Oct	53.85	54.52	54.20	53.75
Nov	55.10	55.58	55.40	55.00
Dec	56.15	56.59	56.80	56.00
Jan	56.85	57.19	57.00	56.70
Feb	56.90	57.04	57.16	56.70
Mar	56.10	56.94	56.15	55.90
Apr	55.10	54.74	55.30	56.00
May	54.30	53.74	54.30	54.05

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Jul	916	880	902	885
Sep	939	903	941	906
Dec	963	931	964	935
Mar	987	957	988	963
May	1007	977	1000	994
Jul	1028	998	1020	1020
Sep	1051	1021	1031	1031
Dec	1073	1043	0	0
Mar	1106	1076	0	0
May	1131	1101	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Jul	60.90	59.90	61.00	59.50
Sep	62.25	61.35	62.30	61.00
Dec	64.65	63.70	64.75	63.50
Mar	66.95	65.75	67.20	66.25
May	68.60	67.35	0	0
Jul	70.00	68.95	0	0
Sep	71.80	70.55	72.10	72.10
Dec	75.00	0	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	10.34	10.45	10.43	10.20
Mar	10.26	10.32	10.30	10.15
May	10.23	10.32	10.24	10.18
Jul	10.17	10.18	10.17	10.10
Oct	10.10	10.10	10.10	10.00

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Jul	53.60	54.80	55.10	53.50
Oct	56.10	56.95	56.80	56.00
Dec	56.47	57.35	56.97	56.10
Mar	57.47	58.25	57.85	57.25
May	58.10	58.75	58.60	58.00
Jul	58.75	59.30	59.08	58.75
Oct	59.80	60.25	60.00	59.80
Dec	60.20	60.25	60.25	60.20

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	120.25	120.00	120.75	119.05
Sep	123.90	124.00	124.80	123.00
Nov	127.00	126.60	127.00	125.90
Jan	128.85	128.50	128.80	127.50
Mar	130.45	129.70	130.00	129.00
May	130.95	130.35	129.00	129.00
Jul	130.95	130.35	130.00	130.00
Sep	130.95	129.35	0	0
Nov	130.95	129.35	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Jul 1	Jun 30	mnth ago	yr ago
1658.5	1659.5	1660.6	1546.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Jun 30	Jun 29	mnth ago	yr ago
Spot	120.74	120.13	119.71	118.74
Futures	120.95	119.86	120.74	119.87

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jul	658/2	652/4	667/0	642/0
Aug	659/6	655/0	670/0	645/0
Sep	661/0	656/2	671/0	648/0
Nov	664/0	658/4	676/0	647/4
Jan	666/4	661/4	677/0	651/4
Mar	669/4	665/0	682/0	656/0
May	672/0	668/0	677/0	657/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	24.05	23.65	24.40	23.14
Aug	24.18	23.81	24.55	23.25
Sep	24.28	23.95	24.60	23.30
Oct	24.40	24.10	24.55	23.50
Dec	24.70	24.31	25.05	23.75
Jan	24.80	24.40	24.80	23.80
Mar	24.90	24.53	24.90	24.00
May	24.95	24.55	24.95	24.20

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jul	203.5	203.6	206.2	201.0
Aug	203.2	203.3	206.5	200.7
Sep	203.7	203.5	206.5	200.8
Oct	203.3	203.3	206.5	201.3
Dec	205.2	205.1	209.0	202.5
Jan	204.5	204.7	207.0	202.8
Mar	204.0	203.7	205.0	202.0
May	204.0	203.2	205.5	201.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Jul	231/0	222/6	232/4	223/0
Sep	236/2	229/0	239/0	229/4
Dec	246/4	238/2	248/0	239/2
Mar	253/2	245/0	254/6	246/2
May	256/4	249/6	259/0	251/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Jul	292/2	285/0	294/0	284/0
Sep	294/2	287/2	295/0	286/4
Dec	303/4	298/6	305/0	297/6
Mar	309/0	304/4	309/0	303/4
May	306/2	304/4	307/4	303/2

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	74.775	75.050	75.450	74.650
Oct	74.900	75.125	75.600	74.650
Dec	75.275	75.560	75.925	75.250
Feb	75.150	75.350	75.600	75.025
Apr	76.300	76.450	76.775	76.250
Jun	73.000	73.350	73.750	73.000

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Jul	46.650	47.690	49.125	48.550
Aug	46.400	44.900	46.400	46.400
Oct	41.800	40.300	41.800	41.800
Dec	42.450	40.950	42.450	42.450
Feb	42.700	41.200	42.700	42.700
Apr	41.750	40.250	41.750	41.750
Jun	47.600	48.100	47.600	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Jul	34.900	32.900	34.900	34.900
Aug	34.075	32.075	34.075	34.075
Feb	41.675	39.675	41.675	41.675
Mar	41.150	39.150	41.150	41.150
May	41.500	39.500	41.500	41.500

Equities unsettled by profit-taking

By Steve Thompson

AN AIR of anti-climax pervaded London's equity market yesterday with periodic bouts of profit-taking eroding share prices despite a wave of good news on the international interest rate front.

Adding to a generally uneasy close in London was renewed concern about Wall Street and what is increasingly viewed by many as a faltering US economy.

The widespread profit-taking in London share prices saw the *FT-SE 100 index* give up all its hard won gains that followed the interest rate reductions instigated by the Swiss and German authorities. The FT-SE 100 ended a volatile session a net 11.2 off at 2,888.8.

There was more comfort for investors, however, in the performance of the wider market, where the second-tier UK stocks continued to make strong progress. The FT-SE Mid 250 index continued its recent upward move, attaining another record closing high point of 3,241.7, up six points on the session and well below its intra-day high-point.

Turnover in London picked up from the rather depressed levels seen earlier in the week. Over 650m shares were traded yesterday, well up on Wednesday's 550.4m.

The concentration of turnover in *non-FT-SE 100 stocks*, where some 410m shares traded compared with 240m FT-SE 100 shares illustrated the underlying strength of the UK market, dealers said.

The value of customer business remained above the crucial £1bn level on Wednesday when turnover was recorded by the stock exchange as being worth £1.1bn.

The market session began on a steady note with dealers *reluctant to take* on any substantial positions ahead of the news from Leipzig where the Bundesbank meeting was being held. The FT-SE 100 index opened moderately higher and held above the 2,900 level for much of the morning before attracting pockets of resistance in the middle of the morning session despite the cut in Swiss interest rates, seen as a harbinger of a reduction in German interest rates.

London's response to the 0.25 *per cent reduction in Germany's* Lombard rate and the 0.5 per cent fall in the discount rate was immediate, with leading shares moving up strongly. The 100 index reached the day's high, up 6.7 at 2,906.7 *within twenty minutes of the* news from Germany, but thereafter drifted off, hit by profit-taking, a feeling that the market had probably run too far ahead of itself and on a growing *conviction that Wall Street* may be due a tumble. Wall Street opened more than six points lower after what was said to have been more disappointing news on the US economy, before stabilising and moving into positive territory as London closed.

Financials remained one of the market's best performing areas. Standard Chartered staged a strong recovery after earnings upgrades by at least one of the market's leading brokers.

The drugs sector, on the other hand, continued to suffer, with Goldman Sachs, the leading US investment bank said to have upset the international drugs stocks by downgrading its sector estimates.

Traders remained happy about the short term outlook for the market. "It's a test of nerves and the general consensus is that we're at the top of the trading range, but the market still feels OK," said one trader.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ASDA Group†	12,000	71½	-2½
Abbey National†	3,200	411	+1½
Albert Fisher	2,000	88	+2
Allied-Lyons†	1,500	535	-2
Anglian Water†	654	479	-3
Argos	104	309	-1
Argyll Group†	1,400	325	-2
Arjo Wiggins†	1,400	180	-3
Ass. Brit. Foods†	642	489	+5
Ass. Brit. Ports	735	423	-1
BAA†	875	724	-5
BAT Inds.†	3,800	421½	+2½
BET	3,400	115½	+½
BICC	1,100	388	+2
BOC†	490	695	+1
BP†	9,900	305½	-3
BPB Inds.	8,500	223	-1
BT†	5,000	425	-3½
BTR†	7,800	371	-6
Bank of Scotland†	428	155	+1
Barclays†	4,600	487	+4
Bass†	4,300	489	+1
Blue Circle†	848	250	-2
Booker	92	393	+6
Boots†	1,900	440	-2
Bowater†	738	461	-3
Brit. Aerospace†	704	390	-6
British Airways†	3,100	308½	-½
British Gas†	5,400	299½	-1½
British Land	402	326	-4
British Steel†	9,600	92½	-2
Bunzl	145	139	-1
Burmah Castrol†	83	719	+2
Burton	2,400	88½	
Cable & Wire.†	1,200	781	+6
Cadbury Schweppes†	1,800	467	+3
Caloe Group	25	236	
Carlton Comms.†	49	779	+1
Coats Viyella†	906	241	-2
Comm. Union†	824	814	-1
Cookson	645	218	
Courtaulds†	639	558	-5½
Dalgety	501	487½	-1½
De La Rue†	159	876	-1
Dixons	925	214	-8
Eastern Elect.	906	482	+10
East Midland Elect.	1,100	461	+8
Eng China Clays	847	428	-2
Enterprise Oil†	414	482	
Eurotunnel Units	117	413	+7
FKI	2,300	145½	+2½
Fisons	2,400	177	-4
Foreign & Col. I.T.	1,700	281	
Forte†	2,800	227	
Gen. Accident†	1,200	628	+3
General Elect.†	6,400	338½	-6
Glaxo†	3,700	553	-10
Glynwed Int.	44	299	-1
Granada†	1,900	420	+2
Grand Met.†	2,700	430	+2
GUS A†	126	1780	+2
GRE†	1,700	197	+3
GKN	113	451	+1
Guinness†	11,000	476	+5
HSBC (75p shs)†	2,500	662	-5
Hammerson 'A'	944	389	-7
Hanson†	2,200	225	-1½
Hanson Warrants	1,900	23	
Harrisons Crosfield	988	176	-1
Hillsdown	13,000	144	+7
IMI	342	277	
ICI†	2,500	648	-6
Inchcape†	701	580	-2
Johnson Matthey	1,800	428	
Kingfisher†	732	599	-5
Kwik Save	88	738	-1
Ladbroke†	5,600	189	+4
Land Securities†	350	592	-5
Laporte	189	623	+5
Legal & General†	841	479	-3
Lloyds Abbey	891	434	+2
Lloyds Bank†	2,000	578	-1
LASMO	928	159	-1
London Elect.	1,500	468	+8
Lonrho	3,400	120	-½
Lucas	834	140	+4
MB Caradon†	850	386	+3
MEPC	523	388	-3
MFI	551	133	+1
Maxweb	242	535	+3
Marks & Spencer†	1,000	350	+3
Midlands Elect.	929	484	+2
Morrison (Wm.)	618	141	-4
NFC†	1,100	348	
NatWest Bank†	2,700	490	-1
National Power†	1,700	389	+1
Next	[illegible]	[illegible]	[illegible]
Rolls Royce	493	144	+½
Rothmans†	370	700	+2
Ryl Bk Scotland†	3,300	282	-1
Royal Insurance†	1,700	313	-2
Saatchi	1,100	172	
Sainsbury†	1,100	479	-9
Scottish & New†	1,700	461	-2
Scot. Hydro-Elect†	982	337	+1
Scottish Power†	394	318	+1
Sears†	1,500	99	
Sedgwick	2,500	200	
Seeboard	703	518	-2
Severn Trent Water†	2,400	461	
Shell Transport†	4,200	827	-4
Siebe†	1,700	460	
Slough Ests	1,500	214	-1
Smith (W.H.) A	1,200	441	+8½
Smith & Nephew†	2,300	143¾	-1
SmKl Beecham†	2,100	429½	-11½
SmKl Beecham Uts.†	1,600	379	-12
Smiths Inds.	1,400	380	-2
Southern Elect.	2,400	482	+10
South Wales Elect.	317	541	+6
South West Water	909	498	+1
Utd. Newspapers	492	538	-12
Vodafone†	1,600	449	-2
Warburg (SG)†	255	727	-2
Wellcome†	1,200	655	-13
Welsh Water	846	573	+3
Wessex Water	28	589	+2
Whitbread 'A'†	1,500	507	+1
Williams Hldgs.†	1,500	322	
Willis Corroon	2,600	227	-3
Wimpey	997	164	-1
Wolseley†	97	633	+1
Yorkshire Elect.	311	520	+5
Yorkshire Water	501	490	
Zeneca†	1,200	824	-1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent.

Account Dealing Dates

*First Dealings:	Jun 21	Jul 5	Jul 19
Option Declarations:	Jul 1	Jul 15	Jul 29
Last Dealings:	Jul 2	Jul 16	Jul 30
Account Day:	Jul 12	Jul 26	Aug 9

*New time dealings may take place from 8.30am two business days earlier.

Strong showing by C&W

CABLE and Wireless advanced strongly as it announced a new pricing structure for its Mercury telecommunications subsidiary. The shares jumped 12 to 787p, before fading at the close to finish a net 6 ahead at 781p. Turnover was an unimpressive 1.2m.

Telecoms specialists said the Mercury move was an attempt to spike British Telecom's guns, which is thought likely to publish its revised tariff list later in the summer. C&W said it was introducing "duration discounts" – initially between the UK and US – which would give lower charges for longer residential telephone calls.

It also revealed lower charges for a range of international destinations – designated as a key battle area between BT and Mercury by telecoms analysts. However, line rentals increases are also planned, C&W said. BT declined 3¼ to 425p.

Hillsdown ahead

In a perky food manufacturing sector, Hillsdown Holdings led the way forward as the group said trading was in line with market expectations and that interim operating profits to June would be at least £80m against £81.8m last year. Dealers said there was a considerable relief factor that Hillsdown had made a good recovery from its problems. Last year's profits were dented by oversupply in the chicken market. Hillsdown shares added 7 to 144p on hefty turnover of 13m.

A rumoured review of the food manufacturing stocks, said to be by UBS, added spice to the sector which has languished in the doldrums in recent sessions. Associated British Food gained 5 to 489p, Booker 6 to 393p, and Cadbury-Schweppes 3 to 467p. Devro International's second day in the market brought further rewards, the shares adding 6 to 199p. They came to the market at 170p on Wednesday.

Oils uneasy

Oil shares were largely unmoved by news that Iraq may well agree terms with the United Nations at a meeting on Wednesday and sell up to 600,000 barrels of oil a day on the international market for humanitarian reasons. Oil prices tumbled as the news emerged, with August Brent sliding around 30 cents a barrel.

"The news is worrying and in any event oil shares have not reflected the fall in sterling oil prices since the Opec meeting," said Mr Brendan Wilders at Hoare Govett. "We view the sector as fully valued," he added.

No real pressure emerged in the sector, however, despite the opening decline on Wall Street. BP settled 3 down at 305¼p on relatively small turnover of 5.4m, while Shell dipped 4 to 627p on 3.7m traded.

Standard advances

The recent weakness in Standard Chartered, prompted by stories that Lloyds Bank may well be considering the sale of its near 5 per cent stake in the bank, was reversed after James Capel, the leading UK agency broker was said to have upgraded its earnings forecasts. Cazenove, Standard's broker, was said to have been a strong supporter of Standard shares, with dealers taking the view that Cazenove had also increased its earnings estimates for the bank. Turnover in Standard, however, was an unspectacular 865,000 shares.

Barclays continued to attract support on the back of the improving market for land and property in the south-east, highlighted in the recent joint survey by Flemings and Dun & Bradstreet, and moved up 4 more to 487p. Talk in the market continued to suggest that news of the appointment of a new chief executive is imminent.

The Kuwait Investment Office was thought to have sold its 12.34 per cent stake in Bradstock Group, the insurance broker,via a bought deal. The KIO's stake of around 6.5m shares were sold at 127p to one of the leading broking houses, who sold the stock on at 128½p a share. Bradstock shares closed unchanged at 141p.

HSBC gave up an early 3p gain to end a busy session a net 5 off at 662p following what was said to have been aggressive selling by Swiss Bank Corporation. Turnover in HSBC was 2.5m shares.

Higher half-year losses and a profits warnings sent Eurocamp tumbling, the shares shedding 28 to 203p. Leisure analysts were told by the company that one-off factors had been largely responsible for the poor showing and that fundamentally the group remained sound.

However, some specialists expressed fears that increasing competition in the continental camping business might be a more pertinent reason for the decline and posed a longer-term threat to the company's profitability. Mr Hamish Dickson at Hoare Govett said the market was undecided as to *whether Eurocamp's current* problems were transitory or not. "Only time will tell," he said. "In the meantime, the yield will support the shares but they carry a fairly large risk." Airtours closed a penny up at 341p.

Southern Electricity surged into the lead in the current spate of dividend payouts from the "recs", with a hefty increase of 17.6 per cent. Southern said its total dividend was 19.6p per share for the year to end March compared with analysts' expectations which ranged from 18.7p to 19.1p, and last time's 16.7p. Profits rose to £187.3m against £166.3m previously. The shares put on 10 to 482p.

The remainder of the scrip issue was thought to have been placed in Redland as two large lumps of 4.2m went through the market to take the day's turnover to 10m. The shares jumped 7 to 483p as selected building materials stocks responded positively to the *German interest rate cut*. Among which, RMC Group gained 12 to 748p.

City presentations by Tarmac were generally well received, according to analysts, although the shares declined 3 to 137p as worries persisted over debt levels and some thoughts that they were fully valued.

A big seller in Spring Ram sparked renewed fears over the group's trading and the shares dropped 6 to 44p. Results from BPB contained few surprises and the shares drifted down a penny to 223p.

There was yet another cash call *in the stirring property* sector as Asda Property launched a 2-for-5 issue to raise £16.3m.

Guinness shares continued their good run, although drinks analysts continued to talk down any impact from the Japanese duty reductions. The shares gained 5 to 476p. Vaux benefited from optimism in the hotel market and added 5 to 235p.

A rumoured downgrade in Storehouse, said by dealers to be from James Capel, saw the shares drop back 6 to 206p. A positive statement and results from Tie Rack helped it to move ahead 3 to 130p. There was some reported switching out of Kingfisher, off 5 at 599p, and into WH Smith, ahead 8½ at 441p.

Hopes of a settlement between Eurotunnel and the construction contractors boosted shares in the channel tunnel operator. They added 7 to 413p. Bargain hunters in Tiphook helped the shares recover from recent falls to end 7 better at 329p.

Strong two-way business was seen in international conglomerate Hanson, following Wednesday's announcement that it is to buy Quantum Chemical of the US in a $3.2bn deal. Turnover for the day was just over 22m as the shares followed the market lower, closing 1½ down at 225p.

Standard & Poors, the US credit rating agency, said it had affirmed its A+ rating on Hanson Overseas BV and an A-1+ rating on Hanson Finance UK in the wake of the agreed bid.

Several stocks in the motor sector with substantial German interests were boosted by the news of the reduction in interest rates.

These included Lucas Industries 4 better at 140p, with sentiment boosted by further reflection on Wednesday's announcement that the company is to supply its electronic diesel fuel injection system to Mercedes Benz.

MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,
Christopher Price.

■ Other statistics, Page 19.

FT-A All-Share Index

Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business and overseas turnover

Source: Datastream

FINANCIAL TIMES EQUITY INDICES

	July 1	June 30	June 29	June 28	June 25	Year ago	* High	* Low
Ordinary share	2262.0	2270.9	2263.0	2268.3	2264.5	1901.1	2299.5	2124.7
Ord. div. yield	4.10	4.09	4.10	4.09	4.09	4.83	4.52	4.07
Earning yld % full	4.86	4.85	4.85	4.84	4.85	7.07	6.38	4.82
P/E ratio net	26.33	26.41	26.40	26.46	26.41	17.74	26.57	19.40
P/E ratio nil	24.37	24.45	24.43	24.48	24.45	16.48	24.60	18.14
Gold Mines	209.4	208.8	201.9	205.7	195.5	89.6	208.8	80.0

*for 1993. Ordinary share index since compilation: high 2299.5 10/3/93 - low 49.4 26/6/40
Gold Mines index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2272.1	2270.5	2271.8	2270.0	2275.2	2273.9	2274.6	2269.1	2263.8	2275.8	2261.5

Volume	July 1	June 30	June 29	June 28	June 25	Year ago
SEAQ Bargains	30,066	28,598	26,987	28,432	27,196	20,020
Equity Turnover(£m)†	-	1098.2	1103.3	931.5	1159.5	816.6
Equity Bargains†	-	34,358	31,375	32,185	31,400	22,487
Shares traded (ml)†	-	517.1	578.2	405.7	453.5	339.3

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p at all other times.

NEW HIGHS AND LOWS FOR 1993

NEW HIGHS (172).
BRITISH FUNDS (22) AMERICANS (11) American T & T, Bell Atlantic, Chrysler, Dana, Echlin, Honeywell, Lowe's, Merrill Lynch, Quaker Oats, Tenneco, Whirlpool, CANADIANS (1) [illegible]

[illegible]

AMERICANS (3) General Host, Woolworth, BANKS (1) Espirito Santo, BLDG MATLS (2) Chieftain, Spring Ram, BUSINESS SERVS (1) Barbour Index, CHEMS (1) Cabd, CONTG & CONSTRCN (1) Raine, ELECTRONICS (3) Division, Domino Prntg., Rodime, ENG GEN (1) Barry Wehmiller, FOOD MANUF (1) Everest, FOOD RETAILING (2) Morrison (Wm), Do 5¼pc PI., HEALTH & HSEHOLD (4) Bespak, Brit. Bio-Technology, Intercare, Wellcome, MEDIA (1) Radio Clyde, MISC (1) Applied Holographics, OIL & GAS (1) Midland & Scott . PACKG, PAPER & PRINTG (1) MR Data Mngmt., TEXTS (2) Dawson, Stoddard.

EQUITY FUTURES AND OPTIONS TRADING

STRONG buying of stock index futures following the reduction of interest rates in several European countries ran out of steam leaving the futures contract to once again test the 3,900 resistance level, writes Joel Kibazo.

The September contract on the FT-SE opened quietly at 2,901. Anticipation of a reduction in German Interest rates drove it gently forward on a squeeze and the cut in France only served to push it higher.

However, the reduction in German rates just before lunch led to frantic buying of September. This boosted the contract to the day's best of 2,930, also helping pull the underlying market higher.

But, with the long anticipated reduction out of the way, dealers chose to cash in on earlier gains. Together with the dull opening on Wall Street, the September contract went into retreat surrendering earlier gains.

It finished at 2,902, down 15 on its previous close and around 2 points ahead of its estimated fair value premium to cash of around 11 points. Volume at the official close was 8,812, though that total improved in after hours business.

Volume for traded options fell back to 23,886 against a previous total of 32,581 contracts. Some 4,640 was dealt in the FT-SE 100 option and 2,177 in the Euro FT-SE 100 option. GEC was the busiest stock option with a day's total of 3,056 lots.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2888.8 -11.2	3241.7 +6.0	1428.93 -3.38

	Jul 1	Day's change %	Jun 30	Jun 29	Jun 28	Year ago	Dividend yield %	Earnings yield %	P/E Ratio	Xd adj ytd	Total Return
FT-SE 100	2888.8	-0.4	2900.0	2886.0	2897.0	2476.1	3.98	5.83	21.36	49.94	1037.56
FT-SE Mid 250	3241.7	+0.2	3235.7	3229.1	3223.9	2511.9	3.69	6.13	20.22	48.96	1155.22
FT-SE Mid 250 ex Inv Trusts	3257.6	+0.2	3252.3	3244.2	3237.5	2534.8	3.79	6.55	19.08	49.65	1158.32
FT-SE-A 350	1442.9	-0.3	1446.6	1440.6	1444.3	1210.4	3.91	5.90	21.09	24.23	1061.92
FT-SE SmallCap	1649.77	+0.1	1648.24	1649.82	1648.95	-	3.43	4.27	32.98	23.19	1232.87
FT-SE SmallCap ex Inv Trusts	1652.11	.....	1651.88	1653.43	1652.07	-	3.61	4.72	30.83	24.35	1235.59
FT-A ALL-SHARE	1428.93	-0.2	1432.31	1426.77	1430.17	1195.93	3.88	5.60	21.57	23.76	1070.54
1 CAPITAL GOODS(214)	1008.92	-0.3	1011.65	1011.87	1013.55	807.74	3.94	4.21	31.75	17.69	1179.28
2 Building Materials(28)	1074.59	+0.1	1073.81	1069.35	1066.50	883.20	4.35	3.63	39.66	19.50	1239.00
3 Contracting, Construction(29)	952.50	-0.1	953.06	953.97	955.88	809.30	3.45	1.43	80.00†	13.43	1313.67
4 Electricals(15)	2939.61	+0.2	2934.22	2939.10	2960.04	2435.48	4.59	4.98	25.55	65.13	1183.93
5 Electronics(38)	2781.00	-0.9	2808.20	2805.58	2820.66	1985.75	3.10	5.97	20.73	22.91	1195.72
6 Engineering-Aerospace(7)	410.44	-0.6	412.76	411.23	411.57	334.20	3.80	‡	‡	6.61	1417.19
7 Engineering-General(48)	585.11	+0.3	583.49	583.44	582.59	498.65	3.69	6.28	19.79	9.27	1164.27
8 Metals & Metal Forming(10)	401.94	-1.1	406.37	412.59	411.69	312.97	2.72	‡	‡	3.92	1259.64
9 Motors(20)	413.60	+0.9	409.76	408.81	407.69	332.92	5.25	4.52	31.03	9.77	1132.28

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1993 high	1993 low
"Shorts" (Lives up to Five Years)				
Funding 6pc 1993‡‡	100	.....	100¼	99⅞
Treas 13¼pc 1993‡‡	103⅛	-⅛	108⅛	101½
8½pc 1994	101[illegible]	.....	102[illegible]	101[illegible]
14½pc 1994‡‡	106[illegible]	.....	109¼	105[illegible]
Exch 13½pc 1994	106[illegible]	-⅛	109[illegible]	106[illegible]
Treas. 10pc Ln. 1994‡‡	103[illegible]	.....	105[illegible]	103[illegible]
Exch 12½pc 1994	107[illegible]	.....	110[illegible]	107[illegible]
Treas 9pc 1994‡‡	104¼	+⅛	105[illegible]	103[illegible]
12pc 1995	109[illegible]	+⅛	111[illegible]	108[illegible]
Exch 3pc Gas 90-95	96¼	+⅛	96⅝	94
10¼pc 1995	106[illegible]	+⅛	109[illegible]	107[illegible]
Treas 12¾pc 1995‡‡	114⅛	+⅛	116[illegible]	113[illegible]
14pc 1996	117[illegible]	+⅛	120[illegible]	117[illegible]
15¼pc 1996‡‡	122[illegible]	+⅛	125[illegible]	121[illegible]
Exch 13¼pc 1996‡‡	117[illegible]	+¼	120[illegible]	116[illegible]
Conversion 10pc 1996	110¼	+⅛	111½	108[illegible]
Treas 13¼pc 1997‡‡	120[illegible]	+⅛	122[illegible]	118[illegible]
Exch 10½pc 1997	112[illegible]	+⅛	113[illegible]	110[illegible]
Treas 8¾pc 1997‡‡	107[illegible]	+⅛	108[illegible]	105[illegible]
Exch 15pc 1997	129[illegible]	+⅛	132[illegible]	127[illegible]
9¾pc 1998	110[illegible]	+¼	112[illegible]	109[illegible]
Treas 7¼pc 1998‡‡	101[illegible]	+⅛	103¼	99[illegible]
7¼pc 1998 A‡‡	101[illegible]	+⅛	101[illegible]	99[illegible]
Treas 6¾pc 1995-98‡‡	99[illegible]	+⅛	101	97[illegible]
14pc '98-1	126[illegible]	+⅛	129½	125[illegible]
Five to Fifteen Years				
Treas 15½pc '98‡‡	135[illegible]	+⅛	138[illegible]	133[illegible]
Exch 12pc 1998	120[illegible]	+⅛	122[illegible]	118[illegible]
Treas 9½pc 1999‡‡	110[illegible]	+¼	112½	108[illegible]
Exch 12¼pc 1999	122¼	+⅛	124[illegible]	120[illegible]
Treas 10½pc 1999	115[illegible]	+⅛	117[illegible]	112[illegible]
Conversion 10¼pc 1999	114[illegible]	+⅛	117[illegible]	112[illegible]
9pc 2000‡‡	108[illegible]	+⅛	110[illegible]	106
Treas 13pc 2000	128[illegible]	+⅛	131	125½
10pc 2001	113[illegible]	+⅛	115[illegible]	109[illegible]
9¾pc 2002	113¼	+⅛	114[illegible]	108⅞
8pc 2003‡‡	102[illegible]	+⅛	103[illegible]	97¼
8pc 2003 A‡‡	102⅛	.....	102[illegible]	102⅛

Continued on next page

CROSSWORD

No.8,191 Set by DINMUTZ

ACROSS

1 Effortless, finding account in document-folder (6)
4 Strangely happy individual in coin-box (3-5)
9 Final witness to Jane Eyre's wedding? (6)
10 One supplies glasses in copita form (8)
12 An old song to unload (4)
13 Coming before a superior (5)
14 Guides to Floridian islands? (4)
17 But not the wear for the primate's dinner-party .... (6-6)
20 .... where one will find cutlery, glasses etc (5-7)
23 Dog food? (4)
24 Stop in port (5)
25 Munro, otherwise, sounding satirical (4)
28 Celebrated lakeside dancer, wantonly laid off around centre of Rydal (8)
29 Faultless pupil (6)
30 Counter chat? (8)
31 Getting a hundred, county sings slogan (6)

DOWN

1 Sacked a member for gas in the galleries (8)
2 Petitioner's wild animal caught outside (8)
3 Scallion, member of vessel, turned up (4)
5 Wimbledon drive, possibly, to appeal to marksman (8,4)
6 Sparkle, say, of Dickens' illustrator (4)
7 Musical not recorded in outskirts of Oakhanger (6)
8 Hemingway's grave, we hear (6)
11 Flight-paths of jet air-escort to be revised (12)
15 Springs in his novel timer? (5)
16 Fair maid's home in Upper Thurnham (5)
18 Dress wrongly for mariner's first sailing-trip (8)
19 Unprepossessing appearance that makes us single? (8)
21 A Channel Islands detective endlessly bitter? (6)
22 Dispatch box? (6)
26 For breaking such a rule, take a hundred lines! (4)
27 Ring up a nursery favourite (4)

Solution to Puzzle No.8,190

JOTTER PAD

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Abbott Labs		17¼xd	-⅛	20¼	15½	14,332	2.5
Allegheny & W	♥	698p	-19	636p	398p	311.3	3.2
Amdahl		398p	-17	551p	302½p	402.0	0.9
Amer Cyanamid		38½	+⅛	38⅝	31¾	3,200	2.9
Amer Express		21⅞xd	+⅛	21⅞	14⅞	10,376	2.9
Amer T & T		42⅜xd	+⅛	42⅞	33⅛	56,104	2.0
Ameritech		53⅝	+⅛	54½	46	27,369	4.4
BankAmerica		30¼xd	+⅛	38⅞	27⅛	10,545	2.9
Bankers NY		49½xd	+⅛	51⅜	42⅞	3,982	4.0
Bell Atlantic		39½	+½	38½	32¼	17,180	4.3
BellSouth		36¼	+⅛	39⅞	32⅞	18,184	4.8
Bethlehem Steel	♥	12¾xd	—	13¾	10	1,164	–
Bowater		1300pxd	—	1692p	1293p	471.1	1.9
CPC		27½xd	—	34⅞	26	4,186	2.8
California Engy		1432p	—	1470p	1086p	260.7	–
Chase Manhattan		21½xd	+¼	24½	17⅞	3,356	3.5
Chrysler		31⅞xd	+⅛	31⅞	21⅛	9,242	1.2
Citicorp		20⅛xd	+⅛	20⅛	13⅞	7,356	–
Colgate-Palm		33xd	+⅛	45⅝	35⅛	6,227	2.0
Cont'l Bank		1582p	—	1577p	1278p	1,586	2.4
Dana		36⅛xd	+⅛	36⅞	29⅜	1,697	2.8
Data General		650p	—	851p	587p	182.1	–
Decora Inds	♥	136p	—	149p	109p	–	–
Dun & Brad		38⅛	+¼	42⅛	37⅛	6,973	4.0
Eaton	h	28⅛xd	+½	31⅛	25⅞	2,062	2.3
Ecolab		18⅞xd	+⅛	18⅞	15⅛	1,086	2.3
FPL		25½xd	+⅛	27⅞	23¼	4,632	6.1
Ford Motor		35⅛xd	+⅛	38½	28⅛	17,114	1.8
Gen Elect		64xd	+⅛	65⅛	53⅞	54,868	2.5
General Host	♥	824p	-19	720p	524p	–	4.3
Gillette		39⅛xd	+⅛	42⅞	31⅞	4,078	1.4
Hasbro		20⅞	—	20⅞	20⅞	1,819	0.7
[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
Travis Perkins	□	244	+4	246	168	249.6	4.1
Tudor	☧	28	—	28	26	3.08	1.1
Unigroup	□	80	-9	71	11½	17.9	–
Watermouse	☧	31	+3	38	25	0.78	‡
Wickes	□	117	-1	120	78	358.7	–
Wolseley	♣†□	633	+1	681	593	1,576	2.5

BUSINESS SERVICES

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's
ADT $	♣□	590	—	675	483	687.1	–
Adam & Harvey		213	—	228	198	9.12	6.5
Air London	☧	65	—	92	56	9.78	6.7
African Lakes		54	—	68	37	3.87	4.8
Auto'ted Sec	♣N□	173	—	178	125	197.0	3.8
BET	♣N□	115½xd	+½	118	84	1,079	3.5
BNB Res		91	—	93	41	22.0	6.7
BPP	♣	283	+3	318	288	75.6	3.4
Barbour Index	†	239	-2	266	233	38.7	3.9
Black & Edg	♣□	1¼	—	1½	0½	8.09	–
Boustead	□	19	—	22	15	16.2	4.6
Bridgend	♣□	17	—	18	12	4.99	3.0
Brit Data Mangt	□	251	—	252	184	61.0	2.0
Brit Fittings	□	78	—	83	45	18.6	2.4
Brooks Service		58	—	73	54	6.88	–
CRT	♣†□	103	+1	104	88	54.3	2.9
Capita	♣h	175	—	178	159½	82.9	1.5
Cadoet	N□	44	—	45	31	38.2	2.3
Chiltern Capital AS		48½	—	55	40	45.9	–
Christie Group		48	+5	51	26	11.3	–

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING-AEROSPACE

ENGINEERING-GENERAL

ENGINEERING-GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+ or -	1993 high	1993 low	Yld Gr's	NAV	Dis or Pm(-)
Scottish Inv	♣†□	204xd	+1	205	163	2.8	236.2	13.7
Warrants	□	53	+1½	53	38	-	-	-
Scot Mortgage	♣□	194½	+1½	201	178	2.6	224.9	13.5
Scot National Inc	♣K□	84	-	85½	63	11.2	-	-
Cap	□	25	-	28	16	-	66.3	62.3
Stepped Pf		154	+½	155¼	150¾	4.9	-	-
Zero Div Pf		213	+½	213	207	-	-	-
Warrants		2¾	-	5	2½	-	-	-
Scot Value		83½	-	83½	71	2.7	84.0	0.6
Sec Alliance	♣†	1497	-2	1505	1390	3.0	1605.8	0.8
Second Consol	□	103	+1	103	88	-	213.7	23.6
Second Market	♣	348	-	347	256	0.7	348.0	0.0
Sec Tst Scot	♣□	85½	+½	84½	74½	4.8	83.9	0.4
Select Assets	□	136	+2	134	109½	1.1	174.3	23.3
Eq Ind Serl		136	+1	138	128	3.8	-	-
Eq Ind Serl		136	+1	137	128	3.8	-	-
SHIRESCOT	H	133	+1	133	104	4.9	128.7	-2.6
Shires	♣	281xd	+1	282	231	8.0	254.5	-2.6
11pc Cv Ln 103/04		£127½	-	£131½	£115½	8.6	-	-
Siab Select		123	-	156	97	1.8	149.1	14.5
Warrants		27	-	38	15	-	-	-
Smaller Cos	□	125xd	-	125	78	2.6	-	-
Warrants		39	-	39	14	-	-	-
Sphere Inc	□	24	-	24	14	16.7	35.4	33.6
Zero Div Pf		88¼	-	88¼	80¾	-	-	-
Sumit		62	-	62	38	2.8	94.3	34.8
TR City of Lon	□	139	+½	140¼	126	4.3	132.0	-5.7
TR Euro Growth	♣□	109	+1	109	76	1.5	116.3	6.3
Ptg Sub		57	-	58	27	3.0	-	-
TR Far East Inc	♣†□	143	+1	146	112	3.9	137.1	-4.0
Warrants		42½	-	43	32	-	-	-
TR High Inc		120	-1	121	102	6.3	115.3	-4.5
Sub	g	22xd	-	31	25	6.6	-	-
TR Pacific	♣□	140	-½	164	110	0.3	130.9	-8.5
TR Prop	♣□	26¾xd	-	29¾	17	4.2	32.3	17.5
TR Smaller	♣□	181	+2	181	146	2.6	185.9	3.2
TR Technology	♣□	67	-	69	47	3.4	208.8	67.9
Units		2530	-	2390	2010	[illegible]	[illegible]	[illegible]

MERCHANT BANKS

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Prf		98	-½	108½	93	12.8	10.4	
9¾pc Non-Cum Prf		118½	+½	127½	113	47.4	10.3	
Close Bros	G†	342	-	378	250	150.6	3.5	[illegible]
Hambros	♣□	334xd	-1	358	243	583.5	5.2	[illegible]
7½pc Cv Pf		144	-	149½	111½	216.0	6.5	
Joseph (L)	♣	358	-	363	313	18.8	5.5	
Kleinwort Benson	□	403	-	420	312	627.9	5.0	[illegible]
Rea Bros	♣□	42	-	47	39	18.5	1.5	[illegible]
Schroders	♣h	963	-	987½	487½	867.8	1.4	[illegible]
NV	h	825	-3	830	387½	231.0	1.7	[illegible]
Singer & Fried	♣□	66	+½	70	48	127.0	4.9	
Warburg (SG)	♣K□	727xd	-2	741	529	1,553	3.3	[illegible]
8pc Cv Pf		252	-	255	195	107.2	3.0	
Wintrust		240	-	250	188	20.4	5.0	

METALS & METAL FORMING

	Notes	Price	+ or -	1993 high	1993 low	Mkt Cap£m	Yld Gr's	P/E
ASW	N□	205	-	233	81	137.1	3.7	
Apollo Metals	†	107xd	-	120	84	18.2	4.0	[illegible]
Ash & Lacy	♣	158	-	170	143	40.7	5.1	[illegible]
Billam (J)		260	-19	312	129	4.21	2.4	[illegible]
Brit Steel	g□	92½	-2	106	54	1,850	1.4	
CI	□	23	-	28	17	19.9	5.4	[illegible]
Castings		196xd	-	198	158	41.8	2.7	
Chamber & Hill		136	-	145	113	9.87	5.8	
Cohen (A)		320xd	-	400	320	5.94	2.7	
Cook (Wm)	□	205	-	208	120	44.9	3.1	
Cooper (F)	♣□	68	-	77	43	24.2	‡	[illegible]
Downiebrae	g	67xr	-1	68	67	16.9	0.9	[illegible]
Ferraris	†g	60	-	66	32	5.86	2.1	[illegible]
Firth (GM)	□	12	-	16½	9	4.05	-	
Garton		93	-	98	79	3.54	5.4	
Glynwed Intl	□	299	-1	311	245	615.9	4.9	[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £[illegible] a year for each security shown, subject to the Editor's discretion

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FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	156.6	158.5	168.6	+1.40	0.00
AIB Grofund Equity	5	206.0	208.7	220.6	+0.40	0.83
AIB Grofund Euro	5	163.6	165.4	174.1	-1.00	0.00
AIB Grofund Eqty Balanced	3	100.9	103.6	108.6	—	1.41
AIB Grofund Gilt	3	78.69	78.71	81.15	+0.19	5.03
AIB Grofund Japan	5	171.8	173.5	182.6	+3.30	0.00
AXA Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corpn St, Coventry 0203 553231						
General Inc	6	428.8	430.3	457.8	-2.1	2.40
General Acc	6	470.4	472.0	502.2	+2.3	2.40
UK Growth Acc	6	312.7	316.7	337.0	-2.8	2.67
UK Growth Inc	6	221.6	224.5	238.9	+2.1	2.67
Higher Inc Acc	6	571.6	579.6	616.6	+3.3	3.61
Higher Inc Inc	6	347.4	352.1	374.8	+2.1	3.61
Gilt/Fxd Int Acc	5½	178.0	178.0	188.0	+1.2	8.10
Gilt/Fxd Int Inc	5½	93.27	93.27	98.61	-0.57	8.10
Nth America	6	256.6	267.2	277.8	+4.7	0.00
Far East	6	299.9	302.6	322.2	+0.1	0.16
Europe	6	223.2	225.0	239.4	-0.1	0.98
Brit Excell	6	63.96	63.98xd	68.07	-0.59	2.69
Brit Fndmtls Acc	6	87.38	88.68	94.35	+0.45	4.88
Brit Fndmtls Inc	6	67.79	68.80	73.20	+0.35	4.88
Global Opps	6	72.12	73.53xd	78.23	+0.91	0.01
Balanced Acc	6	47.71	48.25	51.33	-0.29	2.73
Balanced Inc	6	47.71	48.23	51.33	+0.29	2.73
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
Gilts & Fixed Int	6	130.6	130.5	138.3	+0.2	5.78
High Inc Equity	6	147.3	149.9xd	159.4	-0.9	4.94
Worldwide Bond	6	270.9	270.9	287.3	+0.8	3.85
American Growth	6	291.2	291.2	311.4	+2.8	.93
Asian Pacific	6	236.5	241.5	256.9	-3.5	.32
Assets & Earnings	6	225.1	225.7xd	241.3	-3.3	2.17
Capital Reserve Acc	0	126.4	126.4	126.5	+0.1	4.81
Comdty & Energy	6	88.87	88.87	94.83	-0.89	.59
1982 Enterprise	6	81.91	81.91	87.68	-0.81	1.89

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071-407 5966						
Income	5	398.26	398.26	423.89	+0.89	4.17
Global Inc	6	60.88	60.83	64.71	+0.88	9
Brit Leaders	5	311.61	311.61	331.5	+0.78	2.14
Intl Leaders	5	192.97	192.87	205.29	+1.51	0.63
P'fas Man Bal Gwth Inc	3½	54.97	55.49	58.69	+0.14	2.89
Singer & Friedlander UT Mngmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
Exempta Trust	6	52.80	52.95	56.33	+0.23	1.30
Far Eastern Tst	6	62.47	63.28	67.32	+0.72	0.75
Smaller Cos	5	157.2	162.1	172.4	-1.6	1.89
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American	5	266.0	266.5	281.9	-3.6	0.84
S & W Capital	5	120.2	120.2	128.8	-0.1	1.65
S & W Cash	0	101.23	101.23	101.23	+0.01	5.28
S & W European	6	112.4	112.4	118.9	+0.7	1.01
S & W Far Eastern	5	146.3	147.9	158.4	+0.8	0.00
S & W Growth	6	127.2	129.1	138.5	+0.3	1.16
S & W Income	5	114.7	115.8	122.5	+0.4	4.55
S & W Magnum	5	124.9	124.9	134.0	[illegible]	1.59
S & W Smlr Secs	5	319.0	328.1	345.0	+0.7	0.49
S & W Thoroughbred	5	147.0	147.0	157.8	+0.2	1.52
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	49.61	49.61	50.31	[illegible]	[illegible]

[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

FT MANAGED FUNDS SERVICE

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Providence Capital Life Assc. Co Ltd - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Alpha Pension Funds				
UK Alpha		232.7	+1.1	-
US Alpha		122.4	+1.4	-
Gilt Alpha		87.0	+0.7	-
Gold Alpha		99.0	+0.5	-
Japan Alpha		45.6	+0.4	-
US Dollar Alpha		76.6	+0.8	-
Yen Alpha		82.0	-0.5	-
DM Alpha		88.9	-0.2	-
European Alpha		88.0	---	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Gold Range (Pensions)				
Discretionary Fund		169.5	+0.6	-

Provident Mutual Life Assc. Assn.
6 Hills Way Stevenage Herts SG1 2ST 0438 732600

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Ord	421.4	443.6	+1.6	-
Managed Init	297.7	313.4	+1.2	-
Equity Ord	630.6	663.8	+2.1	-
Equity Init	449.5	469.9	+1.4	-
Index Linked Gilt Ord	196.1	206.4	+0.7	-
Index Linked Gilt Init	144.7	152.3	+0.5	-
Overseas Equity Ord	336.7	356.5	+2.1	-
Overseas Equity Init	239.3	251.9	+1.5	-
Property Ord	228.6	240.8	-0.2	-
Property Init	161.5	170.0	-0.1	-
Fixed Interest Ord	265.2	279.2	+1.4	-
Fixed Interest Init	187.4	197.3	+1.1	-
Deposit Ord	196.9	207.3	---	-
Deposit Init	139.1	146.4	---	-
Pension Funds				
Managed Ord	556.9	586.2	+2.2	-
Managed Init	393.4	414.1	+1.6	-
Equity Ord	861.8	907.2	+3.1	-
Equity Init	608.9	640.9	+2.1	-
Pen Ind Lkd Gilt Ord	223.3	235.1	+0.8	-
Pen Ind Lkd Gilt Init	164.8	173.5	+0.7	-
Overseas Equity Ord	394.0	414.7	+2.7	-
Overseas Equity Init	278.3	292.9	+1.8	-
Property Ord	292.3	307.7	-0.4	-
Property Init	206.5	217.4	-0.3	-
Fixed Interest Ord	345.0	363.2	+1.8	-
Fixed Interest Init	243.7	256.5	+1.2	-
Deposit Ord	288.4	303.6	---	-
Deposit Init	203.7	214.4	---	-

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 071-405 9222

[illegible]

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds (First Series)				
Managed	409.7	431.3	+0.80	-
Equity	512.1	539.1	-0.40	-
Property	242.2	255.0	---	-
International	403.6	424.8	+2.40	-
Japanese	116.9	123.0	+0.80	-
Asia Pacific	140.8	148.3	+0.50	-
European	107.4	113.1	+0.30	-
American	145.5	153.2	+1.70	-
Fixed Interest	343.8	361.9	-1.80	-
Index-Linked Gilt	188.2	198.2	+0.70	-
Cash	220.4	232.0	---	-
Life Funds (Second Series)				
Managed	114.0	120.1	+0.20	-
Equity	110.2	116.0	-0.10	-
Property	101.8	107.2	---	-
International	124.9	131.4	+0.70	-
Japanese	117.1	123.3	+0.80	-
Asia Pacific	138.2	145.5	+0.50	-
European	106.5	112.2	+0.20	-
American	142.3	149.8	+1.10	-
Fixed Interest	129.2	136.1	-0.70	-
Index-Linked Gilt	120.4	126.8	+0.50	-
Cash	109.4	115.2	+0.10	-
Pension Funds				
Building Society	173.7	182.9	---	-
Managed (Init)	237.1	249.6	-0.10	-
Managed (Acc)	470.9	495.7	-0.10	-
Equity (Init)	267.3	281.4	-0.40	-
Equity (Acc)	530.8	558.8	-0.70	-
Property (Init)	142.7	150.3	-4.30	-
Property (Acc)	283.5	298.5	-8.60	-
International (Init)	239.4	252.1	+1.30	-
International (Acc)	475.5	500.6	+2.60	-
Fixed Interest (Init)	230.1	242.3	-1.10	-
Fixed Interest (Acc)	457.2	481.3	-2.10	-
Cash (Init)	153.9	162.1	---	-
Cash (Acc)	305.8	322.0	---	-
Others				
Capital Guarantee Bond	100.4	105.7	-0.10	-

Scottish Equitable Life Assce. Soc.
28 St Andrew Sq, Edinburgh 031-556 9101

	Bid Price	Offer Price	+ or -	Yield Gross
Mixed	227.5	239.5	+0.3	-
UK Equity	216.7	228.1	-0.2	-
International	226.6	238.5	+0.9	-
American	237.9	250.5	+0.6	-
European	209.9	221.0	-0.3	-
Japan	243.6	256.7	+0.4	-

[illegible]

Sun Alliance Group - Contd.

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

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	Init Chrge	Cancel Price	Bid Price	Offer Price	+ or -	Yield Gr's
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 606000						
Intl Circuit Portfolio	6	$1.2283	1.2283	1.3034	+0.0001	0.10
Gilt	3	0.9866	0.9866	1.0277	-0.0070	7.78
Prudential Fund Managers (Jersey) Ltd						
PO Box 103, St Helier, Jersey 0534 70000						
Prudential Currency Fd (Formerly Vanbrugh Currency Fd)						
Income (A & B)	5	212.0	212.0	225.6	+0.8	3.34
Growth (C & D)	5	319.3	319.3	335.5	+0.9	-
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 27441						
Govt Secs Fd	4	55.77	55.77xd	58.06	+0.06	7.58
Standard Bank Fund Mgmt (Jersey) Ltd						
PO Box 583, St Helier, Jersey CI 0534 67557						
International Bond	5	£-	18.01	18.95	-0.07	4.54
Sterling Bond	3	£-	9.8849xd	10.20	+0.02	6.47
Sterling Dep		£-	42.59	42.61	+0.01	5.30
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 603002						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	102.54	102.54	105.62	+0.02	5.00
Gilt & Fixed Interest	3	120.73	120.73	125.13	+0.31	7.40
Blue Chip & Gilt Edged	5	61.63	61.63	64.67	-0.01	3.61
International Bond	6	137.44	137.44	144.93	-0.45	4.91
UK Equity	5	265.85	263.86	277.54	+0.13	1.25
International Equity	5	179.91	182.84	192.29	+1.30	0.36
Far Eastern	5	167.08	170.04	178.59	+1.17	0.00
European	5	127.18	127.89	134.41	+0.88	0.00
Pan American	5	360.86	373.78	390.45	+4.94	0.00
TSB Gilt Fund Ltd -						
Quarterly Share	3	108.32	108.32	111.86	+0.29	7.61
Monthly Share	3	106.78	106.78	109.84	+0.28	7.88

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Asian Selection Funds				
China	$8.493	8.940	+0.093	0.0

	Init Chrge	Cancel Price	Bid Price	Offer Price	+ or -	Yield Gr's
Banque Scandinave a Luxembourg SA - Contd.						
Scandifond Bond Fund						
Bond Int. Acc	1	£-	12.24	12.38	-0.07	8.64
Europe Bond Acc	1	£-	1.53	1.56	-0.02	7.15
Bond DEM Acc	1	DM-	1.23	1.25	-	8.84
Bond USD Acc	1	$-	1.41	1.44	-	5.79
Bond Swedish Acc	1	SKr-	16.46	16.65	+0.05	10.19
Scandifond International Stamp						
Intl Emerging Markets	5	$-	1.06	1.12	-	-
Barclays Diversified Portfolio						
14 rue Aldringen L-1118 352 4799 2930						
IPB Deutschmark Reserve		DM-	31.51	-	-	-
IPB Sterling Reserve		£-	10.34	-	-	-
IPB Swiss Franc Reserve		SFr-	30.61	-	-	-
IPB US Dollar Reserve		$-	20.39	-	-	-
IPB European Bond		Ecu-	17.79	-	-	-
IPB North American Bond		$-	21.37	-	-	-
IPB Espana		Pta-	2821	-	-	-
IPB Europe		Ecu-	18.91	-	-	-
IPB Japan		$-	28.18	-	-	-
IPB Pacific Rim		$-	22.73	-	-	-
IPB United Kingdom		£-	11.19	-	-	-
IPB United States		$-	21.45	-	-	-
Barclays Inv Funds (Luxembourg)						
41 Avenue de la Gare L-1611 010 352 404344						
Equity Funds						
European Equity ✦	5¼	£-	0.916	0.973	+0.007	0.3
Intl Equity ✦	5¼	£-	1.450	1.542	+0.008	0.3
North Am Eqty ✦	5¼	$-	34.19	36.36	+0.110	0.3
Pacific Eq ✦	4¼	£-	6.427	6.834	+0.178	0.5
UK Equity ✦	5¼	£-	1.123	1.195	+0.007	0.5
Bond Fund						
International Bond ✦	3½	$-	99.56	104.99	-0.190	5.6
CMI Asset Management (Luxembourg) SA						
203 route d'Arlon, L-1150 Lux 010 352 458825						
CMI Managed Portfolio Investment Company (u)						
Safeguard Portfolio F.		£-	1.278	1.361	+0.005	-
Growth Portfolio F.		£-	1.140	1.214	+0.008	-
Enterprise Portfolio F.		£-	1.097	1.168	+0.010	-
CMI Global Network Fund (u)						
Australasian Equity		A$-	13.017		-0.036	-
Benelux Equity		DFl-	21.789		+0.125	-
Canadian Equity		C$-	09.058		-0.125	-
BE Asia Equity		$-	13.434		-0.001	0.86
French Equity		FFr-	62.201		+0.578	0.84
German Equity		DM-	18.232		+0.148	-

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark defends position

THE D-MARK rose against the dollar and other European currencies yesterday, in spite of the Bundesbank's announcement of its long awaited rate cuts, *writes Gillian Tett.*

Speculation about the rate cuts before the German central bank's announcement initially pushed the dollar up above DM1.71 during morning trading in Europe.

But following a brief surge in the aftermath of the announcement, the D-Mark then staged a surprising rally, recouping its losses to close at DM1.699 to the dollar, around ½ pfennig stronger than the previous day.

The D-Mark also strengthened against the French franc, finishing at FFr3.377, up on the previous day's close of FFr3.371. Against the Italian lira and Spanish peseta the D-Mark closed little changed.

Dealers said one reason for the D-Mark's rally was that the market had already been pricing in a rate cut, either at yesterday's council meeting or later this month.

"Although the D-Mark did weaken at first, the dollar quickly ran into profit taking," explained Mr Michael Feeny, market analyst at Sumitomo Bank. "Everybody knew that the Bundesbank would have to cut soon."

However, another reason for the dollar's drop was the release of figures from the National Association of Purchasing Management in the US, which showed a sharp fall in confidence among US manufacturers.

Coupled with the growing fears that today's US non-farm employment figures might also prove disappointing, the survey prompted concern about the patchy nature of the US recovery.

"A lot now depends on the US non-farm payroll figures," said Ms Alison Cottrell, international economist at Midland Global Markets, who predicts that any big fall in jobs could severely undermine the dollar, particularly against the yen in the coming days..

Nevertheless, rumours that the Bank of Japan was now preparing for a rate cut allowed the dollar to gain against the yen in late trading, leaving it closing at Y107.4 up on a previous day's close of Y106.4.

In spite of the D-Mark's general rally, sterling continued to strengthen against the German currency.

After rising in the morning on the back of the Bundesbank announcement, it then fell back after speculation grew in London markets about the possibility of further UK rate cuts.

However, a lunchtime statement by the Treasury discounting the possibility of rate cuts in the near future pushed sterling up again, leaving it at DM2.5625 at the end of the day - its strongest position since devaluation last September.

It also closed up against the dollar, finishing at $1.5085, up from the previous day's position of $1.4935.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 1	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	192.854	186.675	-3.20	4.75	54
Spanish Peseta	154.250	149.858	-2.85	4.37	50
Irish Punt	0.808628	0.804224	-0.54	1.85	37
Dutch Guilder	2.19672	2.19969	0.14	1.26	7
Belgian Franc	40.2123	40.2965	0.21	1.18	3
D-Mark	1.94964	1.96115	0.59	0.80	-20
French Franc	6.53883	6.61218	1.12	0.27	-47
Danish Krone	7.43679	7.54066	1.40	0.00	-61

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. (17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

£ IN NEW YORK

July 1	Latest	Previous Close
£ Spot	1.5035-1.5105	1.4915-1.4925
1 month	0.36-0.35pm	0.37-0.36pm
3 months	0.97-0.95pm	1.05-1.01pm
12 months	2.80-2.60pm	3.12-3.05pm

Forward premiums and discounts apply to the US dollar

POUND SPOT - FORWARD AGAINST THE POUND

STERLING INDEX

CURRENCY RATES

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Swiss Franc	5⅛ - 4⅞	5⅛ - 4⅞	5 - 4⅞	4⅞ - 4¾	4¾ - 4⅝	4⅞ - 4¾
D-Mark	7⅝ - 7⅜	7¾ - 7⅝	7⅜ - 7¼	7⅛ - 7⅛	7⅛ - 7	6⅞ - 6¾
French Franc	7⅞ - 7⅝	7⅞ - 7½	7⅞ - 7⅝	7 - 6⅞	6⅝ - 6½	6¼ - 6⅛
Italian Lira	11 - 9¼	10¼ - 10	9⅞ - 9½	9⅝ - 9¼	9½ - 9⅛	9⅜ - 9⅛
Belgian Franc	7⅞ - 7⅝	7⅝ - 7⅛	7 - 6⅞	6¾ - 6⅝	6½ - 6⅜	6¼ - 6⅛
Yen	3⅜ - 3¼	3⅜ - 3¼	3¼ - 3⅛	3⅜ - 3¼	3¼ - 3⅛	3⅜ - 3¼
Danish Krone	8 - 7½	8 - 7½	8 - 7½	7⅞ - 7⅝	7⅝ - 7⅛	7⅛ - 6⅞
Asian $Sing	3¼ - 2¼	3¼ - 2¼	3½ - 2½	3½ - 2½	3½ - 2½	3¾ - 2¾
Spanish Peseta	11¾ - 11½	11⅝ - 11⅜	11¼ - 11⅛	10⅝ - 10⅜	10⅜ - 10⅛	9⅞ - 9⅝
Portuguese Esc.	12 - 11½	12 - 11½	11⅝ - 11⅛	11¼ - 11¼	11⅛ - 11	11¼ - 10¾

Long term Eurodollars: two years 4¼-4⅛ per cent; three years 4⅝-4½ per cent; four years 5⅛-4⅞ per cent; five years 5⅜-5¼ per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 1	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.509	2.563	162.0	8.655	2.283	2.875	2329	1.943	52.55	195.4	1.304
$	0.663	1	1.698	107.4	5.738	1.513	1.905	1543	1.288	34.82	129.5	0.864
DM	0.390	0.589	1	63.21	3.377	0.891	1.122	908.7	0.758	20.50	76.24	0.509
YEN	6.173	9.315	15.82	1000.	53.43	14.09	17.75	14377	11.99	324.4	1206	8.049
F Fr.	1.155	1.744	2.961	187.2	10.	2.638	3.322	2691	2.245	60.72	225.8	1.507
S Fr.	0.438	0.661	1.123	70.96	3.791	1	1.259	1020	0.851	23.02	85.59	0.571
N Fl.	0.348	0.525	0.891	56.35	3.010	0.794	1	810.1	0.676	18.28	67.97	0.454
Lira	0.429	0.648	1.100	69.56	3.716	0.980	1.234	1000.	0.834	22.56	83.90	0.560
C $	0.515	0.777	1.319	83.38	4.454	1.175	1.480	1199	1	27.05	100.6	0.671
B Fr.	1.903	2.872	4.877	308.3	16.47	4.344	5.471	4432	3.697	100.	371.8	2.481
Pta	0.512	0.772	1.312	82.91	4.429	1.168	1.471	1192	0.994	26.89	100.	0.667
Ecu	0.767	1.157	1.965	124.2	6.637	1.751	2.205	1786	1.490	40.30	149.8	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Pesata per 100.

FINANCIAL FUTURES AND OPTIONS

THREE MONTH EUROLIRA INT. RATE
LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Sep	90.85	90.96	90.83	90.81
Dec	91.27	91.35	91.24	91.23
Mar	91.56	91.65	91.53	91.50
Jun	91.66	91.75	91.62	91.59

Estimated volume 9391 (6825)
Previous day's open int. 70701 (70066)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Sep	2904.0	2936.0	2900.6	2917.0
Dec	2922.5	2945.5	2928.0	2935.5
Mar	2938.0			2952.0

Estimated volume 10496 (9002)
Previous day's open int. 44894 (45020)

* Contracts traded on APT. Closing prices shown.

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls August	Calls September	Calls December	Puts August	Puts September	Puts December
117	-	-	2.50	0.07	0.27	-
118	-	1.78	-	0.31	0.54	1.31
119	-	1.07	1.29	-	1.02	-
120	0.31	0.56	-	1.56	-	-
121	0.08	0.25	-	-	-	-
Open Int	10,867	139,953	38,267	17,378	176,596	27,374

Estimated volume 44,104 † Total Open Interest 443,625
† All Yield & Open Interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5085	1.5050	1.4988	1.4912	1.4788

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	6
Allied Trust Bank	6	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Nykredit Mortgage Bnk	6.5
●Henry Ansbacher	6	Exeter Bank Limited	7	●Rea Brothers	6
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	6
Bank of Baroda	6	●Robert Fleming & Co	6	Royal Bk of Scotland	6
Banco Bilbao Vizcaya	6	Girobank	6	●Smith & Williamson Secs	6
Bank of Cyprus	6	●Guinness Mahon	6	Standard Chartered	6
Bank of Ireland	6	Habib Bank AG Zurich	6	TSB	6
Bank of India	6	●Hambros Bank	6	Unibank plc	6
Bank of Scotland	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Barclays Bank	6	●Hill Samuel	6	Unity Trust Bank Plc	6
Brit Bk of Mid East	6	C. Hoare & Co	6	Western Trust	6
●Brown Shipley	6	Hongkong & Shanghai.	6	Whiteaway Laidlaw	6
CL Bank Nederland	6	Julian Hodge Bank	6	Wimbledon & Sth West	7
Citibank NA	6	●Leopold Joseph & Sons	6	Yorkshire Bank	6
City Merchants Bank	6	Lloyds Bank	6		
Clydesdale Bank	6	Meghraj Bank Ltd	6		
The Co-operative Bank	6	McDonnell Douglas Bk.	6		
Coutts & Co	6	Midland Bank	6		
Credit Lyonnais	6				

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

German futures record

THE BUNDESBANK'S long awaited announcement of lower interest rates yesterday triggered a spate of rate cuts across Europe and lead to record volumes of trading in German D-Mark futures, *writes Gillian Tett.*

The German central bank cut its discount rate by 0.5 per cent to 6.75 per cent, and the Lombard rate by 0.25 per cent to 8.25 per cent.

The move was matched by similar cuts in Switzerland, Sweden, Belgium, Holland, Denmark, Austria and Ireland, pushing many European official rates back below German levels.

The Bank of Switzerland started the trend by cutting its discount rate from 5.0 per cent to 4.5 per cent. This was followed by a 25 basis point cut in the Bank of Austria's Lombard and discount rates, bringing them to 7.25 and 6 per cent respectively.

The Irish central bank announced a similar 25 basis point cut in its short term facility rate, bringing it to 7.5 per cent. Denmark's central bank said it would lower its key discount and deposit rates to 7.25 per cent from 7.75 per cent from tomorrow.

Finally, the Dutch central bank cut its advances rate from 6.90 per cent to 6.70 per cent, prompting Belgium to announce an identical cut in its money market central rate, and a 0.25 point cut in its discount rate, bringing it to 6.00 per cent.

The Bundesbank's move triggered record levels of trade in the German D-Mark futures market, with the day's estimated volume exceeding 223,000 contracts. The previous record, 196,173, which was set during sterling's suspension from the ERM last September.

The activity pushed the September Euro D-Mark contract some 10 basis points higher in the morning. However, it later fell back, closing around 93.24, little changed on the day, reflecting, dealers said, the fact that the market had already been pricing in some type of German rate cut this month.

In London, as the Bundesbank's move fuelled hopes that the British authorities might follow the trend and cut their own interest rates, September sterling futures rose 10 basis points to 94.33.

But, a lunchtime announcement from the Treasury signalling no easing in monetary conditions dampened the optimism, pushing the contract back to the previous day's level of around 94.23.

Three month interbank rates closed little changed at 5⅞ per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 30)	3 months US dollars		6 months US Dollars	
	bid 3⅛	offer 3¼	bid 3⅛-	offer 3⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

WORLD STOCK MARKETS

AUSTRIA

July 1	Sch	+ or –
Austrian Airlines	1,695	–5
Creditanstalt Pf	600	+4
EA General	3,185	+15
EVN	890	+5
Lenzing	627xd	—
OeMV	713	+2
Perlmooser Zement	839	+8
Radex Heraklith	339	–3
Reininghaus Brau	1,355	+10
Steyr Daimler	187	+3
Veitscher Magnesit	250	–5
Verbund (Br) A	563	–2
Vienna Int Airport	460	—
Wienerberger	3,145	—
Z–Laenderbank	1,040	+10

BELGIUM/LUXEMBOURG

July 1	Frs.	+ or –
AG Group	2,550xd	+25
Ackermans	3,000	+15
Almanij	7,500	+30
Arbed	3,080	+10
BBL	3,750	+75
Bank Intl a Lux	12,350	+150
Banq Gen Lux Pts	17,295	+20
Banque Nat Belg	34,500	+100
Bekaert	16,100	+125
CBR Ciment	10,000	+30
CMB	1,925	–15
Cobepa	5,160	+60
Cockerill Priv	117	+1
Colruyt	6,270	+70
Delhaize Frs Lion	1,284	–2
Electrabel	6,250	+40
Electrabel AFV1	6,200	–100
Electrafina ACT	2,740	+5
GBL	3,685xd	+5
GBL AFV 1	3,570xd	+40
GIB Group	1,310	+4
Generale Banque	8,180	–10
Gevaert	7,160	+20
Glaverbel	3,200	–10

FRANCE

July 1	Frs.	+ or –
AGF	597	+17
Accor	619	–1
Air Liquide	748	+12
Alcatel Alsthom	643xd	–8
Axa	1,335	–40
BIC	1,260	–2
BSN	850	–22
BNP Cert Inv	540	+4
Bancaire Cie	538	–7
Bongrain	2,490	+10
Bouygues	662	–8
CGIP	1,105	–35
Canal+	1,213	–8
Cap Gemini S	191.70	–2.10
CarnaudMetalbox	203.80	+.30
Carrefour	2,890	–2
Casino	138.40	–.60
Chargeurs	985	–5
Club Mediterranee	355.90	–2.10
Cogifi	398	—
Coparex Int	551	—
C C F	232	–2
Cr Fonc France	1,006	–45
Cred Lyon (CI)	681	–6
Credit Local Fr	414.30	–.20
Credit Nationale	1,270	+25
Damart	4,085	–115
Docks de France	492	+2
Dollfus Mieg Cie	267.20	+11.20
EBF	637	–8
Eaux Cie Genl	2,154	–36
Ecco	420	–8.80
Elf Aquitaine	406.50	+3.80
Elf Aquitaine Certs	356	–4.50
Elf Sanofi	825	–10
Eridania B–Say	771	–8
Eridania B–Say CI	810	–24
Essilor Int	457	–1
Etex	1,910	+10
Eurafrance	1,855	–15
Euro RSCG	520	+3
Euro Disney	88	–.60
Fin Poliet	485.50	—
Finextel	127xd	–5
Fonc Lyonnaise	660	–49
Fromageries Bel	4,210	+130
GTM–Entrepose	406	–12.80
Gal. Lafayette	1,880xd	–18
Gaumont (Soc N)	480	[illegible]

GERMANY (continued)

July 1	Dm.	+ or –
Continental AG	212	–3.30
DLW	413	+5.50
Daimler–Benz	615.30	+1.50
Degussa	338	–1.00
Deutsche Babcock	169.80	+.80
Deutsche Bank	681.20	+3.40
Didier–Werke	117.50	–1.50
Douglas Hldg	470	–2
Dragerwerk	231	+2
Dresdner Bk	385	+5
GEHE	338	+7.50
Gerresheimer	192.30	+2.10
Goldschmidt (TH)	760	—
Hamburg Elekt	178	–2
Heidelb Zem	1,090	+10
Henkel Prf	535	+4.80
Herlitz	307	–7.80
Hochtief	1,095xd	+32
Hoechst	258.50	–.20
Holzmann Ph	915	+8
Horten	160	–4.50
IKB Deutsche Ind	256.50	+.50
Industrie Werke	311.50	+2.80
Kali & Salz	137.70	+.70
Karstadt	529	+5.50
Kaufhof	484	+4
KHD	104.50	+1.70
Klockner Werke	82.30	+.20
Lahmeyer	648	+19
Leifheit	577	–3
Linde	758	+6.50
Linotype–Hell	488	–1
Lufthansa	117.50	–.50
Lufthansa n/v Prf	110	+.50
MAN	285	+3.20
MAN Pref	241.50	+4
Mannesmann	268.50	+1.30
Mannheim Vers	730	–5
Mercedes Hld	619.80	+1.80
Metallgesellschaft	328	+5
Muench Rueck (Reg)	3,100	+52
PWA	157.50	+5.50
Philips Kommun	505.50	–.50
Porsche	523	+18

CANADA

TORONTO

Sales	Stock	High	Low	Close	Chng
115136	CnPcForest	$19¾	19½	19¾	
42200	Cara Op	400	390	395	
1200	Cascades	$6¼	6¼	6¼	
2700	Celanese	u$50½	48½	50½	
579	CntCptal	31	31	31	
60800	Claarx Odn	335	320	320	
71300	Cntrl Fd A	$6½	6¼	6½	
59850	Cominco	$15	14¾	15	
127300	Coputalog	370	355	380	
79808	Corel Sys	$20⅝	19⅜	20	
17500	CoscanDev	145	140	140	
38408	CrownX A	340	330	340	
290100	Jannock	$15⅛	14½	15	
5206	KerrAddis	$20⅜	20	20⅜	
99800	Labatt x	$22¾	22½	22⅝	
531509	Lac Mnls	$13⅛	12¾	13	
1900	Lafarge	$20½	20½	20½	
34250	Laidlaw A	$10⅛	9⅞	9⅞	
446503	Laidlaw B	$10⅛	d9⅝	10	
200	Laurent Bk	$18	18	18	
12100	Laurent Gp	u$7⅞	7¼	7⅞	
11978	Lawson Mar	$9⅜	9⅛	9⅜	
20400	Loblaw	$23	22	22	
49011	Rio Algom	$18¼	18	18¼	
208544	RogersCanB	u$19⅝	19¼	19½	
11	Rothmans	$101½	101½	101½	
426687	RoyalBkCan	$27⅜	27	27¼	
687089	Ryl Oak Mn	$8	7⅝	7⅞	
1420	StLawrCm A	$7½	7⅛	7¼	
138529	SceptreRs	$12⅜	12⅛	12⅛	
15600	ScottPaper	$11¾	11½	11¾	
8550	Scotts Hos	$8¾	8⅝	8⅝	
213715	Seagram Co	$34¼	33½	33⅝	
35700	Sears Can	$8⅛	7⅞	8	

MONTREAL

Sales	Stock	High	Low	Close	Chng
700	MacleanHnt	$11⅞	11⅝	11⅝	
186417	NatBk Can x	$10⅜	10¼	10⅜	
2800	Quebecor A	$19¾	19⅜	19¾	
5900	Teleglobe	$17¼	17	17¼	
8141	Univa	$7¼	d7	7¼	
23487	Videotron	$23¾	23¼	23½	

Total Sales 30,967,826 shares

INDICES

NEW YORK

DOW JONES	June 30	June 29	June 28	June 25	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3516.08	3518.85	3530.20	3490.89	3554.83 (27/5)	3241.95 (20/1)	3554.83 (27/5/93)	41.22 (2/7/32)
Home Bonds	107.81	107.75	107.80	107.49	107.75 (29/6)	103.49 (11/1)	501.97 (27/4/93)	54.99 (1/10/81)
Transport	1549.92	1530.59	1533.11	1509.58	1683.08 (16/4)	1453.84 (4/1)	1683.08 (16/4/93)	12.32 (8/7/32)
Utilities	244.79	244.66	245.65	243.80	247.68 (16/4)	217.14 (8/1)	247.68 (16/4/93)	10.50 (8/4/32)

DJ Indl. Day's High 3543.48 (3544.87) Low 3493.11 (3481.44) (Theoretical♠)
Day's High 3526.04 (3530.20) Low 3512.76 (3505.84) (Actual♠)

STANDARD AND POOR'S

	June 30	June 29	June 28	June 25	1993 HIGH	1993 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	450.53	450.69	451.85	447.60	456.33 (10/3)	429.05 (8/1)	456.33 (10/3/93)	4.40 (1/6/32)
Industrials♥	514.26	515.11	516.17	512.45	524.99 (10/3)	486.48 (26/4)	524.99 (10/3/93)	3.62 (21/6/32)
Financial	45.15	44.98	45.39	44.36	46.67 (13/4)	39.89 (8/1)	46.67 (13/4/93)	8.64 (1/10/74)
NYSE Composite	249.10	249.06	249.52	247.20	251.36 (10/3)	236.21 (8/1)	251.36 (10/3/93)	4.46 (25/4/42)
Amex Mkt. Value	434.24	433.52	432.86	430.57	440.95 (4/6)	395.84 (8/1)	440.95 (4/6/93)	29.31 (9/12/72)
NASDAQ Composite	703.95	701.07	702.83	694.81	708.85 (4/2)	645.87 (26/4)	708.85 (4/2/93)	54.87 (31/10/72)

	Jun 25	Jun 18	Jun 11	year ago (approx.)
Dow Industrial Div. Yield	2.95	2.95	2.93	3.14

	Jun 23	Jun 16	Jun 9	year ago (approx.)
S & P Industrial div. yield	2.55	2.51	2.51	2.72
S & P Indl. P/E ratio	25.04	25.47	25.42	38.03

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
YPF Sociedad	9,060,600	21⅛	- ⅛
Sunshine Min	5,576,800	2½	+ ⅛
Quantum	5,185,300	19	+ 6½
Telefonos	4,892,400	46⅞	- 1½
Home Shop	3,947,800	11½	- ⅝
West Elec	3,835,300	15⅞	+ ⅜
RJR Nabisco	3,545,600	5⅝	+ ⅛
Hanson	3,216,600	17	—
Amer Express	2,875,300	32⅜	+ ⅞
Merck	2,176,600	35⅝	- 1⅛

TRADING ACTIVITY

† Volume (Millions)	June 30	June 29	June 28
New York SE	280.880	272.988	340.435
Amex	16.923	19.057	14.578
NASDAQ	265.901	251.046	227.013
NYSE			
Issues Traded	2,545	2,547	2,548
Rises	1,121	958	1,378
Falls	835	971	583
Unchanged	589	618	587
New Highs	98	101	122
New Lows	33	31	27

CANADA

TORONTO	June 30	June 29	June 28	June 25	1993 HIGH	1993 LOW
Metals & Minerals	2978.43	2944.78	2933.46	2947.59	3000.97 (21/6)	2743.31 (21/1)
Composite	3966.37	3963.23	3985.50	3991.77	3991.77 (25/6)	3275.80 (21/1)
MONTREAL Portfolio	1887.14	1892.07	1897.45	1939.10	1939.10 (25/6)	1720.97 (21/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♠ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

	July 1	June 30	June 29	June 28	1993 HIGH	1993 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1755.3	1738.8	1718.5	1715.1	1760.40 (28/5)	1495.00 (13/1)
All Mining (1/1/80)	784.4	780.7	784.9	781.8	801.90 (28/5)	584.70 (13/1)
AUSTRIA						
Credit Aktien (30/12/84)	341.89	340.83	342.79	343.94	357.78 (8/3)	300.25 (14/1)
Traded Index (2/1/91)	852.58	851.70	857.39	860.53	880.53 (28/6)	712.06 (15/1)
BELGIUM						
BEL20 (1/1/91)	1292.36	1279.53	1269.05	1269.41	1292.39 (1/7)	1125.48 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	314.77	314.85	314.07	312.71	314.85 (30/6)	261.90 (4/1)
FINLAND						
HEX General (28/12/90)	1169.5	1164.9	1161.1	1138.0	1248.20 (21/5)	843.10 (22/1)
FRANCE						
CAC General (31/12/81)	541.71	538.42	542.71	537.05	547.37 (30/3)	471.24 (13/1)
CAC 40 (31/12/87)	1960.15	1971.87	1977.50	1990.95	2035.91 (30/3)	1772.21 (28/1)
GERMANY						
FAZ Aktien (31/12/58)	654.60	659.39	661.07	661.39	675.70 (10/3)	598.92 (14/1)
Commerzbank (1/12/53)	1891.1	1874.7	1880.6	1880.8	1906.10 (10/3)	1694.30 (14/1)
DAX (30/12/87)	1706.63	1697.83	1708.33	1707.20	1717.40 (11/3)	1516.50 (13/1)
HONG KONG						
Hang Seng Bank (31/7/64)	7205.38	7099.28	7107.47	7148.10	7447.24 (27/5)	5437.80 (4/1)
IRELAND						
ISEQ Overall (4/1/88)	1634.37	1629.01	1622.21	1602.93	1634.37 (1/7)	1191.19 (11/1)
ITALY						
Banca Com. Ital. (1972)	534.78	536.15	535.41	540.34	559.17 (20/5)	446.33 (6/1)
MIB General (4/1/93)	1180.0	1183.0	1181.0	1191.0	1236.00 (20/5)	892.00 (11/1)
JAPAN						
Nikkei (16/5/49)	19924.61	19590.00	19543.42	19386.76	21076.00 (3/6)	16287.45 (25/1)
Tokyo SE (Topix) (4/1/68)	1598.03	1580.25	1581.36	1600.47	1676.13 (3/6)	1250.06 (25/1)
2nd Section (4/1/68)	2241.79	2225.79	2233.33	2234.61	2384.97 (7/6)	1651.72 (26/1)
MALAYSIA						
KLSE Composite (4/4/86)	719.64	721.17	720.53	722.07	746.29 (11/6)	614.28 (13/1)
NETHERLANDS						
CBS Tot Rtn Gen (End 1983)	349.3	348.8	347.1	343.2	349.30 (1/7)	295.70 (4/1)
CBS All Shr (End 1983)	223.2	228.9	227.3	228.5	229.20 (1/7)	198.60 (13/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	819.34	813.45	809.70	811.85	827.94 (6/5)	669.93 (27/1)
PHILIPPINES						
Manila Comp (2/1/85)	1586.98	1577.41	1566.78	1556.41	1654.39 (6/5)	1270.68 (4/1)
SINGAPORE						
SES All-Singapore (2/4/75)	447.57	448.70	452.56	442.91	483.48 (31/5)	394.10 (13/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1943.0♥	1910.0	1876.0	1836.0	1943.00 (1/7)	775.00 (5/1)
JSE Industrial (28/9/78)	4682.0♥	4695.0	4692.0	4710.0	4713.00 (25/6)	4333.00 (19/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	753.36	748.87	745.69	734.22	777.25 (9/6)	605.93 (6/3)
SPAIN						
Madrid SE (30/12/85)	260.31	259.84	258.04	258.90	264.92 (22/6)	215.60 (4/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1090.9	1093.0	1077.9	1080.4	1098.20 (27/5)	879.10 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	1041.1	1042.5	1042.1	1041.8	1042.50 (30/6)	904.80 (11/1)
SBC General (1/4/87)	811.6	810.0	810.3	809.8	811.60 (1/7)	678.70 (11/1)
TAIWAN**						
Weighted Price (30/6/66)	(c)	3995.51	4067.33	4044.46	5013.38 (7/4)	3098.43 (9/1)
THAILAND						
Bangkok SET (30/4/75)	(c)	877.52	879.77	884.54	998.44 (25/1)	818.84 (1/6)
WORLD						
M.S. Capital Intl (1/1/70) $	567.1*	567.3	563.6	567.5	576.30 (3/6)	488.60 (13/1)
Euro Top-100 (26/6/90)	1012.20	1012.86	1010.28	1010.09	1012.86 (30/6)	862.73 (13/1)

**Saturday June 26. Taiwan Weighted Price, 4143.29, Korea Comp Ex. 749.27.
♥ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable

TOKYO - Most Active Stocks

Thursday, July 1, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Sumitomo Mtl Min	10.2m	1,080	+40	Nippon Oil	3.2m	800	+34
Sumitomo Bakelit	5.9m	584	+64	Sumitomo Mtl Ind	3.1m	333	+4
Mitsubishi Gas Ch	4.0m	596	+52	Hitachi	2.9m	810	+10
Citizen Watch	3.9m	970	+10	Cosmo Oil	2.2m	843	+28
NKK	3.9m	304	-5	Dai Nippon Prnt	2.2m	1,700	+80

4 pm close July 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14 5/8	11 1/2	AAR Corp	0.48	3.5	25	145	13 3/4	13 1/2	13 3/4	+1/4
28 3/8	20	A L Labs A	0.18	0.7	48	453	27 3/8	25 5/8	27 3/8	+1/4
68 7/8	54 5/8	AMP Inc	1.60	2.6	22	1192	61 1/2	61 1/4	61 1/4	
72 3/4	55 1/2	AMR			8	3624	63 1/2	62 3/4	63 3/8	+1/8
2 1/4	1 3/4	ARX			14	27	2 1/4	2 1/4	2 1/4	
61 1/2	29 7/8	ASA	2.00	4.1	32	1937	50 1/8	48 1/4	49 3/8	+1 1/2
30 3/4	22 5/8	Abbott Lab	0.68	2.7	16	11808	25 5/8	25 1/4	25 1/2	-1/8
12 5/8	10 3/4	Abitibi Pr	0.50	4.7	4	73	10 5/8	10 5/8	10 5/8	+1/8
14 1/8	8 3/4	Acptncain			212	245	12 3/4	12 5/8	12 3/4	
32	25 1/2	ACE Ltd	0.40	1.4		1258	30	29 1/2	29 1/2	-1/4
11 3/4	10 3/4	ACM Gvt In	0.96	8.3		287	u11 3/4	11 5/8	11 5/8	-1/8
10	9 1/8	ACM GvOpp	0.72	7.4		54	9 7/8	9 3/4	9 3/4	-1/8
9 5/8	8 3/4	ACM Gvt Sp x	0.80	8.5		88	9 3/8	9 1/4	9 3/8	+1/8
11 3/8	10 1/2	ACM Gvt Se x	0.96	8.6		201	11 1/8	11	11 1/8	+1/8
11	9 5/8	ACM Man	1.06	9.7		636	u11 1/8	11	11 1/8	+1/8
9 3/8	8 5/8	ACM Managd	0.72	7.8		129	9 1/4	9 1/8	9 1/4	
11 1/4	7 3/4	Acme Cleve	0.40	3.3	15	685	u12 1/8	11 3/8	12	+3/4
9 1/4	6 1/2	Acme Elect			270	82	8 5/8	8 1/8	8 1/8	-3/8
24 3/4	18 5/8	Acordia	0.44	2.0	13	410	22	21 7/8	22	+1/4
16	10 5/8	Acuson			13	614	11 7/8	11 5/8	11 3/4	+1/8
22 1/4	19 5/8	Adams Expr	0.48	2.4	1	138	20 3/8	20 1/4	20 1/4	
68	45 1/2	Ad Micro	3.00	5.6		86	54 1/2	53 1/2	54	+1/8
32 3/4	17 5/8	Ad Micro P	3.00	12.5	10	7774	24 1/2	23 7/8	24	-1/8
7 3/4	5 1/2	Advest Grp	0.16	2.7	9	33	5 7/8	5 3/4	5 7/8	+1/8
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Continued on next page

4 pm close July 1

NYSE COMPOSITE PRICES

Continued from previous page

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs

NASDAQ NATIONAL MARKET

4 pm close July 1

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

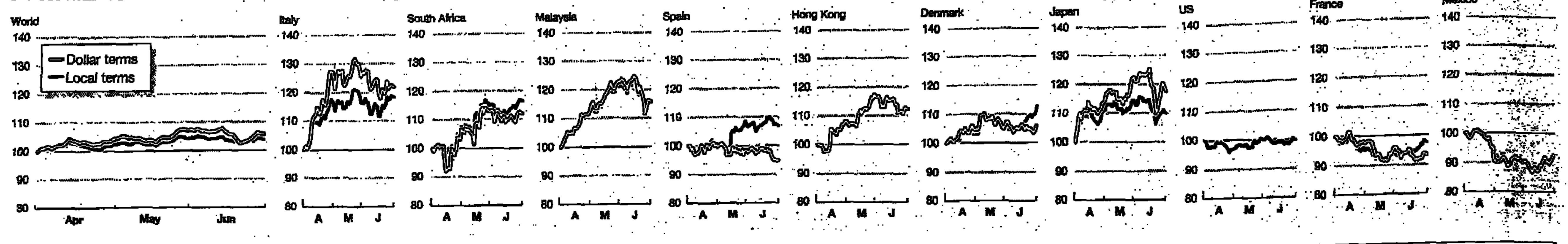
- X - Y - Z -

AMEX COMPOSITE PRICES

4 pm close July 1

FT-Actuaries World Indices in the second quarter 1993

Jointly compiled by The Financial Times Ltd, Goldman Sachs & Co. and NatWest Securities Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries



AMERICA

Dow retreats after drop in NAPM index

Wall Street

AFTER a brief move upwards at the opening, US share prices fell back yesterday in the wake of more bad economic news, *writes Patrick Harverson in New York.*

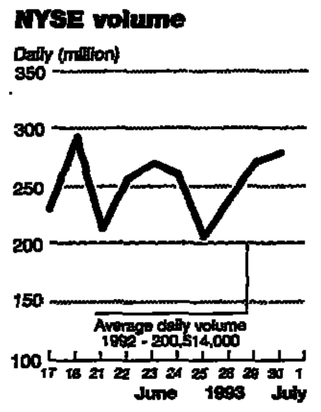
At 1 pm, the Dow Jones Industrial Average was unchanged at 3,516.08. The more broadly based Standard & Poor's 500 was down 0.52 at 450.01, while the Amex composite was 0.54 firmer at 434.78, and the Nasdaq composite down 0.71 at 703.24. Trading volume on the NYSE was 165m shares by 1 pm.

Prices opened slightly firmer, helped by reports of an 11,000 decline in the latest weekly jobless claims numbers. The fall was bigger than analysts had expected, and briefly raised hopes that today's employment report for June will not be as weak as feared.

The markets could not hold on to their initial gains, however, and prices turned tail soon after the National Association of Purchasing Management reported that its index of manufacturing activity had dropped from 51.1 per cent in May to 49.8 per cent in June. Any reading below 50 per cent is regarded as indicative of a contraction in the manufacturing economy. Moreover, the June figure was the lowest level in the NAPM index since December 1991, a time when the economy was in recession.

The data was especially worrying because it suggested that it was unlikely that manufacturers added to their payrolls in any significant numbers last month. Consequently, today's June employment report could prove even weaker than anticipated. The latest batch of Wall Street forecasts predict that non-farm payrolls will have risen by between 100,000 and 150,000 last month, and that the unemployment rate will be at 7.0 per cent.

NYSE volume



Some cyclicals weakened slightly on economic worries. General Electric dropped $¾ to $95⅞, International Paper slipped $¼ lower to $63⅞, Caterpillar gave up $⅝ at $74¼ and Minnesota Mining & Manufacturing eased $⅛ to $107⅞.

Aluminium Company of America, however, rallied strongly, rising $1¼ to $71¼ as the stock continued to benefit from its recent decision to cut its aluminium production capacity by a quarter.

Westinghouse Electric firmed $⅛ to $16 as investors responded mostly favourably to the appointment of Mr Michael Jordan as chairman and chief executive.

Santa Fe Pacific tumbled $⅞ to $17⅞ after Merrill Lynch cut its short-term rating on the stock from above average to neutral.

Drug stocks ran into heavy selling after two of the sector's biggest constituents – Merck and Pfizer – were cut from the recommended list of Goldman Sachs. Pfizer tumbled $1⅞ to $65⅞ in volume of 1.5m shares, Merck gave up $⅛ at $35, Bristol-Myers Squibb dropped $⅛ at $57⅞ and Schering-Plough fell $1⅞ to $68.

● Toronto was closed yesterday for Canada Day.

SOUTH AFRICA

JOHANNESBURG rallied on a weaker rand and a late surge in the gold price, the gold index hitting its best level in over three years as it rose 33, or 1.7 per cent to 1,943. Vaal Reefs and De Beers, between them, saw almost R40m of stock change hands as they rose R10 to R348, and R1.25 to R80.50 respectively. Industrials lost 14 to 4,682 and the overall index added 21 to 4,099.

Mexico falls 1.6% at opening

MEXICAN stocks opened sharply weaker on fears that a US court ruling could delay the implementation of the North American Free Trade Agreement, *agencies report from Mexico City.*

The IPC index was quoted down 26.53 points or 1.6 per cent at 1,643.76 in heavy volume of 27.6m shares in early trading.

A US federal judge ruled on Wednesday that the US trade representative's office must prepare an environmental impact statement on the Nafta before its implementation.

However, in spite of the setback, US, Mexican and Canadian officials commented that they believed that the deadline of January 1, 1994 for implementation of the agreement could still be met.

Among individual stocks, Telmex L series shares, available to foreign investors, were off 10 centavos at 7.30 pesos in heavy trading. Although Telmex's concession means that it will not have any long distance competition until 1996, and is therefore little affected by the Nafta, the stock is seen as a bellwether for the Mexican market.

Among other stocks the retailer, Cifra, saw its C shares off 10 centavos at 5.80 pesos on foreign selling.

The Telmex shareholder, Grupo Carso, slipped 7 centavos to 16.98 pesos in line with the telephone group.

Cementos Mexicanos B shares slid 70 centavos to 48.80 pesos.

EUROPE

Bourses slow after Buba cuts

THE INITIAL, enthusiastic reaction among bourses to the Bundesbank's cut in key interest rates, and those elsewhere which preceded and followed it, was reflected in a rise of 12.69, or more than 1 per cent in the Eurotrack 100 index at midday in London. But the gains were mostly dissipated as the afternoon wore on, *writes Our Markets Staff.*

Fine words from German politicians and bankers were tested, and found wanting: the economics minister, Mr Günter Rexrodt, said that the cuts would boost the economy of Germany and of its EMS partners; but Mr Julian Callow, an economist at Kleinwort Benson, said that Germany's planned financial retrenchment will sap strength out of the economy, "suggesting that 1994 and 1995 will be very sluggish years for economic growth". This outcome, too, would reflect on the performance of other EMS countries.

There was a corollary. "For the markets", said Mr Callow, "this in turn implies that German short term interest rates have substantially further to decline..." However, he added, given that the discount rate cut was twice the 25 basis points mostly widely cited, yesterday's cuts might well be the last for another couple of months.

FRANKFURT went both ways in the official session and down in the post-bourse. The DAX index reached a high of 1,715.25 on the rate cut news but subsided to 1,706.63, up 9.00 at the close. In the afternoon, it followed the bond market down, with a late indication of 1,699.06.

FT-SE Actuaries Share Indices

July 1 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1213.83	1214.92	1215.69	1221.68	1218.02	1216.38	1213.83	1213.21
FT-SE Eurotrack 200	1270.19	1270.62	1271.93	1277.12	1275.11	1272.89	1271.88	1270.98

	Jun 30	Jun 29	Jun 28	Jun 25	Jun 24
FT-SE Eurotrack 100	1208.99	1207.97	1210.15	1202.12	1199.58
FT-SE Eurotrack 200	1266.14	1263.58	1265.02	1254.67	1251.56

Base value 1000 (26/10/90) High/day: 100 - 1221.68; 200 - 1280.89 Low/day: 100 - 1212.84 200 - 1269.61.

The big carmakers, chemicals and most banks registered subdued share price performances, although Dresdner rose DM8 to DM385 during the session, on a rumoured joint venture agreement with an English investment bank.

Thyssen slipped for the second day, down DM4.00 to DM185.60 following a meeting in which it told analysts that, in addition to the 9,000 layoffs in its steel unit previously announced, a further 5,400 jobs would be cut in 1993/4.

PARIS, too, enjoyed an initial early boost following the news from Germany, with the CAC-40 index rising to a day's high of 1,994, before falling back sharply to close down 11.72 at 1,960.15.

Turnover was a firm FFr3.7bn. Some brokers attributed the bourse's decline to a weaker Matif market, as well as US institutional selling and a slightly weaker franc. However, expectations are that the French authorities will cut domestic rates again on Monday.

The market might also have given some thought to trade data released yesterday: while showing a widening in the trade surplus in March it also revealed a significant fall in both exports and imports on a year-on-year basis. James Capel, commenting on the figures, note that this appears to reflect the impact of currency movements.

Eurotunnel advanced 45 centimes to FFr35.60 on news that resolution of its dispute with contractors could be nearer.

AMSTERDAM saw a year's high in the CBS Tendency index during the session before the market eased back gently to close 0.2 higher at 112.7. As expected after the close the central bank cut key domestic rates.

MILAN performed strongly following the Buba rate cut, before easing later. However, domestic interest remained concentrated on Fiat, following Wednesday's warning of a L1,000bn operating loss in 1993.

The Comit index ended down 1.37 at 534.78. Fiat fixed down L330 at L6,160 as investors reacted to the statement from Mr Giovanni Agnelli at the annual meeting. Some analysts commented that the market had, to some extent, been taken by surprise by the news, as it had been concentrating less on fundamentals in recent weeks.

The Fiat share price has gained 50 per cent since the start of the year on a number of speculative stories.

One of these involved expectations of asset sales by the group, confirmed by Mr Agnelli at the annual meeting.

As a result, Rinascente, one of the non-strategic divisions expected to be sold, leapt L101 to L8,900.

There was considerable activity in possible privatisation candidates after the government said on Wednesday night that it hoped to begin the privatisation of seven groups within the next month. Among those on the list, Credito Italiano rose L130 to L2,611, BCI by L163 to L5,098 and Stet by L70 to L3,610.

ZURICH moved on an early, and unexpected domestic rate cut, with good buying of banking stocks; but it saw a wave of profit-taking later, and no response to the Bundesbank move. The SMI index closed 0.2 lower at 2,376.0.

Union Bank rose SFr11 to SFr1,111, while Surveillance gained SFr17 to SFr1,748 on the firm dollar.

MADRID waited for Buba, then rose and fell to close with the general index just 0.47 higher at 260.31. Turnover was healthy at Pta19.6bn.

BRUSSELS, bullish already, took the day's news as an excuse to hit a second consecutive all-time high, the Bel-20 index closing 12.83, or 1 per cent higher at 1,292.36. This was the Bel-20's 19th higher close in succession. 4.

ASIA PACIFIC

Tokyo volume declines to four month low

Tokyo

FUTURES-LINKED buying pushed up share prices at the end of the session, but activity remained subdued and volume was at its the thinnest in four months, *writes Emiko Terazono in Tokyo.*

The Nikkei average gained 334.61, or 1.7 per cent to 19,924.61, the highest point of the day. The index opened at the day's low of 19,638.79 and remained marginally higher throughout the day. A sharp rise in the futures market towards the close of the session sparked arbitrage buying.

Volume fell to 220m shares against 233m. Gainers led losers by 693 to 292 with 175 issues remaining unchanged. The Topix index of all first section stocks gained 17.78 to 1,598.03 and, in London, the ISE/Nikkei 50 index rose 1.62 to 1,210.32.

Traders expect the Nikkei to fluctuate within a narrow range until the July 18 general elections. "The downside is firm around the 18,000 level thanks to the government's public support, but valuation problems prevent the Nikkei from rising above the 20,000 level," said Mr Chris Newton at James Capel. He added that with bond yields at some 4 per cent, the fair value of the Nikkei was around 14,300.

Investors focused on Rohm, the integrated circuit maker, due to the lack of fresh news. The company's US subsidiary won a patent in the US for the next generation of flash memory chips and is planning to charge companies using the technology, including Intel of the US, Toshiba and Hitachi.

Rohm failed to trade due to the lack of sellers and closed at a bid price of Y2,890. Sumitomo Bakelit, which provides synthetic resins for Rohm's chips, rose Y64 to Y584.

Non-bank financial institutions gained ground on the ministry of finance's decision to allow the companies to issue commercial paper. Orix rose Y200 to Y3,330.

Chori, a textile trader, fell Y100 to Y434 on reports of its lending exposure to Hanix, the over-the-counter construction machinery maker which filed for court protection last month.

Nikkatsu, the film maker, was suspended after reports of dishonoured bills. After the market closed, the company announced that it had filed for court protection due to funding problems.

In Osaka, the OSE average rose 238.73 to 21,919.12 in volume of 14.5m shares. The index rose for the first time in three days, on buying triggered by the popularity of Rohm.

Roundup

MANY of the region's markets continued their strong runs. Taiwan, Bangkok, Pakistan and India were closed for holidays.

HONG KONG rose sharply on hopes that the UK might be ready to compromise with China over the colony's political future.

The Hang Seng index closed up 106.10, or 1.5 per cent, at 7,205.38, its high for the day. Turnover was HK$3.67bn against Wednesday's HK$4bn.

Among the actives, HSBC was HK$1 higher at HK$74.50 and Swire Pacific up HK$1.25 at HK$41.00.

SEOUL rose for the third consecutive session with interest particularly concentrated in companies with low p/e ratios. The composite index gained 4.39 to 753.26, off the day's low of 747.73.

MANILA closed higher as local investors sustained a technical rally which began on Monday. The composite index rose 9.51 to 1,586.98.

Secondary commercial issues led the rise with a new listing, Bacnotan Cement, climbing 75 centavos to 14.50 pesos.

Combined turnover slipped to 530.03m pesos from 687.10m.

AUSTRALIA moved higher on the first day of the new financial year, the All Ordinaries index closing 17.2 higher at 1,755.3.

NEW ZEALAND was quiet ahead of yesterday's budget which was announced after the close. The NZSE-40 index gained 5.82 to 1,686.49 in turnover of NZ$26.2m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited
in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JUNE 30 1993								TUESDAY JUNE 29 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993 High	1993 Low	Year ago (approx)
Australia (68)	131.71	+0.3	130.75	88.88	116.72	131.97	+1.1	3.80	131.36	129.49	88.93	115.56	130.51	144.19	117.39	146.66
Austria (18)	146.87	-0.9	145.80	99.11	130.15	129.88	-0.7	1.49	148.15	146.04	100.30	130.32	130.59	150.96	131.16	173.57
Belgium (42)	146.72	+0.5	145.65	99.00	130.02	126.64	+1.0	4.52	146.06	143.98	98.87	128.48	125.35	156.76	131.19	146.02
Canada (108)	127.84	-0.4	126.91	86.26	113.28	118.72	-0.2	2.84	128.31	126.48	86.86	112.86	118.97	130.38	111.41	125.71
Denmark (33)	218.25	-0.3	216.66	147.28	193.41	194.65	+0.5	1.16	218.81	215.69	148.13	192.48	193.66	225.64	185.11	243.93
Finland (23)	93.37	+2.4	92.68	63.00	82.74	110.57	+1.7	1.10	91.18	89.88	61.73	80.21	108.75	100.92	65.50	79.04
France (97)	153.32	-0.7	152.20	103.45	135.86	136.17	+0.0	3.27	154.41	152.21	104.53	135.82	136.12	167.36	142.72	163.26
Germany (62)	108.76	-1.2	107.97	73.40	96.38	96.38	-0.5	2.20	110.09	108.52	74.54	96.84	96.84	117.10	101.59	127.32
Hong Kong (55)	287.16	+0.0	285.06	193.77	254.48	285.47	+0.0	3.30	287.06	282.97	194.33	252.53	285.40	301.61	218.82	259.55
Ireland (15)	162.10	-0.4	160.91	109.38	143.64	159.67	+0.4	3.38	162.75	160.43	110.18	143.16	159.03	170.40	129.28	159.61
Italy (72)	67.61	-0.3	67.11	45.62	59.91	78.01	+0.2	2.00	67.80	66.83	45.90	59.64	77.82	72.82	53.78	68.71
Japan (470)	146.76	+0.3	145.69	99.03	130.07	99.03	+0.0	0.84	146.30	144.21	99.04	128.71	99.04	155.96	100.75	99.01
Malaysia (69)	325.92	+0.0	323.54	219.91	288.81	322.40	-0.4	2.09	326.02	321.38	220.70	286.78	323.76	349.34	251.66	241.01
Mexico (18)	1538.59	+1.6	1527.36	1038.22	1363.45	5241.79	+1.5	1.29	1514.08	1492.53	1025.03	1331.89	5164.06	1725.81	1410.30	1389.10
Netherland (24)	166.69	-0.1	165.47	112.48	147.72	145.39	+0.5	3.78	166.92	164.54	113.00	146.83	144.63	172.75	150.39	162.87
New Zealand (13)	49.81	-0.6	49.45	33.61	44.14	49.31	-0.3	4.52	50.10	49.39	33.92	44.07	49.49	50.10	40.56	46.14
Norway (22)	152.98	+0.2	151.86	103.23	135.57	149.61	+0.9	1.76	152.73	150.56	103.40	134.36	148.27	166.21	137.71	171.05
Singapore (38)	249.74	-0.2	247.92	168.53	221.31	186.56	-0.3	1.85	250.30	246.74	169.46	220.18	187.15	262.72	207.04	223.09
South Africa (60)	198.90	+1.0	197.45	134.21	176.25	204.43	+0.7	2.47	196.86	194.08	133.28	173.19	203.11	201.01	144.72	218.72
Spain (46)	125.33	-0.1	124.42	84.57	111.06	123.43	+0.6	4.77	125.42	123.63	84.91	110.33	122.71	132.82	115.23	150.30
Sweden (36)	168.71	+1.1	167.48	113.84	149.51	193.18	+0.8	1.74	166.90	164.52	112.99	146.82	191.73	184.06	149.70	193.55
Switzerland (52)	127.11	-0.7	126.18	85.78	112.65	119.03	-0.1	1.83	128.00	126.18	86.66	112.61	119.11	129.36	108.91	111.29
United Kingdom (219)	175.96	-0.3	174.67	118.72	155.91	174.67	+0.5	3.98	176.40	173.89	119.41	155.16	173.89	181.99	162.00	190.70
USA (519)	184.26	-0.1	182.94	124.36	163.31	184.26	-0.1	2.78	184.38	181.76	124.83	162.20	184.38	186.27	175.38	168.20
Europe (761)	143.87	-0.4	142.82	97.09	127.50	136.95	+0.3	3.25	144.43	142.38	97.78	127.06	136.60	149.02	133.92	153.54
Nordic (114)	161.30	+0.8	160.12	108.84	142.94	162.41	+0.8	1.53	159.97	157.69	108.30	140.72	161.12	171.77	142.13	179.78
Pacific Basin (713)	150.25	+0.3	149.16	101.39	133.15	105.56	+0.0	1.11	149.83	147.69	101.43	131.80	105.56	159.07	105.89	105.96
Euro-Pacific (1474)	147.53	+0.0	146.45	99.54	130.73	118.55	+0.1	1.97	147.50	145.40	99.85	129.75	118.41	154.05	117.26	125.20
North America (627)	180.77	-0.1	179.45	121.99	160.22	179.82	-0.1	2.78	180.89	178.32	122.48	159.15	179.93	182.38	171.51	165.54
Europe Ex. UK (542)	124.08	-0.5	123.18	83.75	109.98	115.48	+0.1	2.74	124.68	122.91	84.43	109.70	115.33	128.65	112.51	131.03
Pacific Ex. Japan (243)	185.05	+0.1	183.70	124.89	164.00	172.28	+0.3	3.19	184.96	182.32	125.23	162.72	171.85	194.08	152.70	174.38
World Ex. US (1660)	148.24	+0.0	147.15	100.03	131.37	120.75	+0.1	1.99	148.19	146.08	100.33	130.36	120.60	154.27	118.51	127.01
World Ex. UK (1960)	157.70	+0.0	156.55	106.42	139.77	136.91	+0.0	2.12	157.66	155.42	106.74	138.71	136.89	161.34	134.22	135.15
World Ex. So. Af. (2119)	159.16	+0.0	157.99	107.41	141.05	139.81	+0.1	2.30	159.17	156.91	107.77	140.03	139.74	162.74	137.29	139.45
World Ex. Japan (1709)	167.86	-0.1	166.63	113.28	148.77	163.73	+0.1	2.95	168.09	165.70	113.81	147.89	163.59	170.05	157.47	162.80
The World Index (2179)	159.32	+0.0	158.16	107.51	141.20	140.35	+0.1	2.30	159.32	157.06	107.87	140.16	140.27	162.86	137.32	139.94

Latest prices were unavailable for this edition.